

New England Gas Company

September 3, 2004

VIA HAND DELIVERY

Luly Massaro, Commission Clerk
Public Utilities Commission
89 Jefferson Boulevard
Warwick, RI 02888

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PUBLIC UTILITIES COMMISSION

Re: Docket No. 3548; Earnings Sharing Mechanism and Distribution
Adjustment Charge Filing

Dear Luly:

Enclosed please find an original and nine copies of the Pre-Filed Testimony of Robert J. Riccitelli regarding New England Gas Company's earnings sharing for the period ended June 30, 2004. Also included is the Supplemental Testimony of Peter C. Czekanski updating the previously filed Distribution Adjustment Charge to incorporate the earnings sharing calculation. The testimony proposes updated factors for effect November 1, 2004.

Thank you for your attention to this filing. If you have any questions, please do not hesitate to contact me.

Sincerely,

Sharon Partridge (PCC)

Sharon Partridge
Vice President of Finance

Enc.

cc: Paul Roberti, Esq.
Steve Scialabba
Bruce Oliver
David Effron
Cheryl Kimball, Esq.

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

NEW ENGLAND GAS COMPANY
DOCKET NO. 3548

DIRECT TESTIMONY

OF

ROBERT J. RICCITELLI

September 3, 2004

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Robert J. Riccitelli. My business address is 100 Weybosset Street,
3 Providence, RI 02903.

4 **Q. WHAT IS YOUR POSITION AND RESPONSIBILITIES?**

5 A. I am Manager of Financial Reporting and Budgeting for the New England Gas
6 Company ("Company"). My responsibilities include the preparation of external
7 financial reporting, budgeting and plant accounting.

8 **Q. HAVE YOU TESTIFIED PREVIOUSLY IN THIS DOCKET?**

9 A. Yes, I supported the earnings sharing calculation for the fiscal year ended June 30,
10 2003.

11 **Q. ARE THERE ANY ATTACHMENTS TO YOUR TESTIMONY?**

12 A. Yes, I am sponsoring the following Attachments:

13 RJR-1 Earnings Sharing Mechanism pursuant to Order No. 17971

14 RJR-2 ADIT Calculation

15 RJR-3 Compliance Filing of the Earnings Sharing Mechanism pursuant to
16 Order No. 17971

17 RJR-4 FERC Form No. 2 Annual Filing

1 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

2 A. In Docket 3401, Order No. 17381, the Commission investigated, modified and
3 approved a base-rate settlement between the Division, The Energy Council of RI and
4 the Company ("the Settlement Agreement") that requires the Company to file an
5 earnings sharing calculation by September 1 of each year as part of an incentive-based
6 Earnings Sharing Mechanism ("ESM"). The purpose of my testimony is to calculate
7 the earnings subject to the ESM for fiscal year ("FY") ended June 30, 2004 and to
8 calculate the adjustments to the FY2003 earnings sharing calculation in accordance
9 with the modifications outlined in Docket 3548, Order No. 17971, which was issued
10 by the Commission on August 23, 2004.

11 **Q. HAS THE COMPANY CALCULATED THE RETURN ON EQUITY FOR THE**
12 **FISCAL YEAR ENDED JUNE 30, 2004 AND THE BENEFIT TO**
13 **CUSTOMERS OF THAT RETURN?**

14 A. Yes. The Settlement Agreement requires the earnings to be calculated each year based
15 on financial results for the 12-month period ending June 30 (Section II.F.1). The
16 determination of earnings subject to the ESM is based on a benchmark return on
17 equity of 11.25 percent, excluding the Company's portion of non-firm margins
18 (Section II.F.5). The earnings-sharing formula requires that any annual earnings over
19 an 11.25 percent return on equity, up to and including 100 basis points (12.25
20 percent), will be shared 50 percent to customers and 50 percent to the Company. Any

1 earnings in excess of a 12.25 percent return on equity will be shared 75 percent to
2 customers and 25 percent to the Company.

3 As discussed below, the Company calculated a return on equity for the period ending
4 June 30, 2004 of 11.64 percent (Attachment RJR-1, at page 1 of 10). Based on this
5 return, the Company has calculated that firm-throughput customers should receive a
6 credit through the Distribution Adjustment Charge ("DAC") totaling \$314,125 for the
7 period November 1, 2004 through October 31, 2005.

8 **Q. HOW DID THE COMPANY CALCULATE THE RETURN ON EQUITY FOR**
9 **PURPOSES OF THE ESM?**

10 A. The Settlement Agreement states that the return on equity will be calculated by
11 dividing the net income available for common equity by the common equity
12 applicable to rate base (Section II.F.1).

13 **Q. PLEASE EXPLAIN THE CALCULATION OF NET INCOME AVAILABLE**
14 **FOR COMMON EQUITY FOR PURPOSES OF THE ESM.**

15 A. In accordance with the Settlement Agreement and Order No. 17971, the Company
16 calculated net income available for common equity based on operating income for the
17 twelve months ended June 30, 2004, less applicable interest and preferred dividends
18 and adjusted to reflect established Commission ratemaking principles, including the
19 impact of the Weather Normalization Clause (Section II.F.1).

1 The Company's calculation of net income available for common equity is set forth in
2 Attachment RJR-1, at page 2. As shown, for the period ending June 30, 2004, the
3 Company calculated net income available for common equity of \$12,239,240.

4 **Q. DID THE COMPANY MAKE ANY ADJUSTMENTS TO OPERATING**
5 **REVENUES, EXPENSES AND/OR INTEREST CHARGES?**

6 **A.** Yes. The Company made the following adjustments to Operating Revenues, Expenses
7 and/or Interest Charges:

8 (1) The Weather Normalization Clause requires the Company to return to or
9 receive from customers an amount sufficient to provide the Company with
10 normal weather margins around a 2 percent deadband. In fiscal 2004, winter
11 weather was colder than normal, resulting in \$522,000 of margins to be
12 returned to customers through the DAC (Testimony of Witness Czekanski, at
13 page 10), which has the effect of reducing operating income for purposes of
14 the earnings-sharing calculation. Accordingly, the Operating Revenues
15 reflected on Attachment RJR-1, at page 2, line 3, include the return of revenues
16 to customers in relation to the Weather Normalization Clause (\$522,000).

17 (2) The Company's portion of non-firm margins are excluded from the earnings-
18 sharing calculation because non-firm margins in excess of the amount in base
19 rates, or \$1,600,000, are shared 75 percent with customers and 25 percent to

1 the Company through a separate mechanism (Section II.H). In FY2004, the
2 Company's portion of non-firm margins was \$82,171.

3 (3) The Company and the Division agreed in this Docket to remove stored gas
4 inventory from rate base and to eliminate carrying costs on stored gas
5 inventory from revenues. This resulted in a decrease to Operating Revenues of
6 \$2,269,055.

7 (4) The Company excluded unbilled revenues from the earnings-sharing
8 calculation consistent with the methodology applied in Docket 3401. This
9 resulted in an increase to Operating Revenues of \$1,161,337.

10 (5) Although not specified in the Settlement Agreement, the Company excluded
11 the effect of the FY2003 ESM over-earnings and an estimate of the FY2004
12 ESM over-earnings for a total of \$1,914,647.

13 (6) In accordance with the Settlement Agreement, the Company included the
14 investors' share of annual net merger savings, or \$2,049,000, in operating
15 expenses (Section II.F.3). The Company also increased operating expenses by
16 \$809,416 to reflect unbilled gas costs.

17 (7) In accordance with Order No. 17971, the Company excluded 50 percent of the
18 New England Division Incentive Compensation related to earnings. This
19 resulted in a decrease to Operating Expense of \$686,644.

1 (8) The Company included the Corporate Allocation of overhead expenses, less all
2 amounts associated with the Corporate Incentive Compensation Plan. The
3 Company also reviewed the Corporate Allocation and determined that
4 lobbying-related costs were not included.

5 (9) The Company has appropriately classified the Divisional lobbying-related
6 costs as Non-Operating and excluded these amounts from the ESM calculation.

7 (10) In accordance with Order No. 17971, the Company excluded 50 percent of
8 advertising and public relation costs relating to the promotion of the corporate
9 public image. This resulted in a decrease in Operating Expense of \$39,637.

10 (11) For "Other Interest Expense," the Company included only those costs
11 associated with Customer Deposits and the Conservation Loan Program. All
12 other charges not considered as a normal part of the gas distribution business
13 were recorded below the line and not included in the ESM Calculation.

14 **Q. HAS THE COMPANY UPDATED ITS CALCULATION OF ACCUMULATED**
15 **DEFERRED INCOME TAX ("ADIT")?**

16 A. As indicated in last years' proceeding, the ADIT balance for all of Southern Union's
17 operations is no longer calculated at the division level. In light of the discussion
18 during the FY2003 ESM proceeding regarding the calculation of ADIT, the
19 Company's tax department worked to separate deferred income taxes related to

1 accelerated depreciation, excluding amounts booked pursuant to FAS 109 for the
2 Rhode Island portion of the New England Gas division. To perform this calculation,
3 the Company rolled forward the ADIT balance related to depreciation (tax versus
4 book) less FAS 109 from the time of the merger (September 30, 2000) through June
5 30, 2004. Attachment RJR-2 presents the roll-forward calculation. The tax
6 depreciation amount is related to Utility Plant only and includes Bonus Depreciation.
7 The roll-forward schedule includes the estimated ADIT at year-end and the true-up
8 amount for the previous year. The true up is the difference between the estimated
9 ADIT at year-end compared to the actual amount filed.

10 **Q. WHAT WAS THE FEDERAL INCOME TAX RATE USED BY THE**
11 **COMPANY TO CALCULATE OPERATING INCOME BEFORE INTEREST**
12 **EXPENSE?**

13 A. The Company calculated federal income taxes at the statutory rate of 35 percent, as
14 shown on Attachment RJR-1 at page 3.

15 **Q. HOW DID THE COMPANY CALCULATE LONG-TERM DEBT INTEREST,**
16 **SHORT-TERM DEBT INTERST AND PREFERRED STOCK DIVIDENDS?**

17 A. The Settlement Agreement specifies the capital structure to be used in computing the
18 cost of capital (Section II.F.2). The imputed capital structure is as follows:

1	Short-term Debt	8.8%
2	Long-term Debt	45.7%
3	Preferred Stock	1.9%
4	Common Equity	43.6%

5 Therefore, as shown on Attachment RJR-1, at page 4, the Company computed the cost
6 of long-term debt by multiplying the percentage of long-term debt applicable to rate
7 base at the cost rate of 7.81 percent, as stated in the Settlement Agreement (Section
8 II.F.2). Likewise, preferred dividends were calculated by multiplying rate base
9 applicable to preferred stock at the rate of 9.93 percent, as stated in the Settlement
10 Agreement. The Company computed the cost of short-term debt by multiplying rate
11 base applicable to short-term debt times the 12-month average cost of short-term debt
12 for Southern Union or 2.02 percent as calculated in Attachment RJR-1 page 10.

13 **Q. DID THE COMPANY MAKE ANY OTHER CALCULATIONS TO DERIVE**
14 **THE TOTAL NET INCOME AVAILABLE FOR COMMON EQUITY?**

15 A. Yes. In accordance with the Settlement Agreement, the Company included funds
16 associated with the allowance for funds used during construction in calculating
17 operating income (Section II.F.1).

18 **Q. HOW DID THE COMPANY CALCULATE RATE BASE UNDER THE ESM?**

19 A. As required by the Settlement Agreement, average rate base for the fiscal year ending
20 June 30, 2004 is based on a five-quarter average, as set forth in Attachment RJR-1 at

1 page 5 (Section II.F.1). In conformity with the Settlement Agreement, the Company
2 excluded environmental response costs and prepaid taxes from rate base. However,
3 the Company included construction work in progress in rate base. The Company
4 computed the working capital allowance pursuant to the method approved in Docket
5 No. 2286 (Attachment RJR-1 at page 6), consistent with the FY2003 ESM calculation.
6 The deferred debits in rate base include Y2K costs, amortized at the rate of \$240,000
7 per year, and exclude costs associated with legacy customer-information systems. As
8 discussed above, the Company excluded Stored Gas Inventory from the Rate Base
9 calculation.

10 **Q. HOW DID THE COMPANY DETERMINE COMMON EQUITY**
11 **APPLICABLE TO RATE BASE?**

12 A. In accordance with the capital structure set forth in Section II.F.2, the Company
13 multiplied the average rate base, as discussed above, times 43.6 percent to determine
14 common equity applicable to rate base (Attachment RJR-1, at page 5).

15 **Q. PLEASE EXPLAIN THE EARNINGS-SHARING CALCULATION ON**
16 **ATTACHMENT RJR-1.**

17 A. Attachment RJR-1 at page 1, calculates the earnings to be shared with customers
18 based on the sharing percentages required in the Settlement Agreement. Lines 1
19 through 3 summarize the calculation of average common equity. Line 5 is the net

1 income available for common equity and Line 6 is the return on common equity for
2 the period ending June 30, 2004.

3 Since Line 6 is greater than 11.25 percent, Lines 8 through 10 calculate the after-tax
4 earnings to be shared 50 percent with customers. The after-tax earnings to be shared
5 are \$408,362, of which \$204,181 will be returned to customers. The amount to be
6 reflected in the DAC should be the pre-tax impact or \$314,125 (Line 18), which was
7 calculated by dividing Line 16 by 1 minus the tax rate of 35 percent.

8 **Q. DOES THE COMPANY HAVE ANY COMMENT ON THE BAD-DEBT**
9 **WRITE-OFFS FOR FY2004?**

10 A. Yes. In FY 2004, bad-debt writeoffs, net of recoveries, totaled \$11,530,015 and
11 uncollectible expense amounted to \$9,149,630. The Company recognizes that this
12 represents a substantial increase from last year and that the issue of bad-debt writeoffs
13 is an area of continuing focus for the Commission. In this area, the Company is faced
14 with a delicate balance in terms of the need to actively and vigorously pursue debt
15 collection, while trying to avoid increased costs to other customers that results from
16 bad-debt writeoffs. The dynamic that occurs in relation to this balance is that as the
17 Company works to collect amounts that are due (and shuts off accounts that are non-
18 paying), the amount of bad-debt writeoffs increases in tangent. In FY2004, this
19 dynamic was aggravated by the fact that customer gas bills during the winter period
20 2003-2004 were substantial because of the prolonged periods of extremely cold

1 weather and relatively high gas prices. Consequently, the Company is actively
2 pursuing the collection of relatively large arrearage amounts from non-paying
3 customers and once those customers are shut off, many do not return as the customer
4 of record causing those relatively large arrearage amounts to go uncollected. Below is
5 a comparison of the Company's shut-off activities to bad-debt writeoffs and
6 uncollectible expense:

Calendar Year		2001	2002	2003
Number of Shut-offs		14,726	5,285	9,544
Bad Debt Write-offs		\$10,060,025	\$6,368,785	\$4,549,413
Uncollectible Expense		\$6,309,875	\$5,824,686	\$7,468,510

7 To the extent there is a need for further information, the Company will have the
8 responsible individual provide such information.

9 **Q. HAS THE COMPANY REVIEWED ORDER NO. 17971 AND PREPARED AN**
10 **ADJUSTMENT TO THE INTERIM FY2003 ESM?**

11 A. Yes, following the issuance of the Commission's written Order No. 17971, the
12 Company reviewed and re-calculated the FY2003 ESM results for the purpose of
13 deriving the compliance adjustment resulting from the Commission's order. In doing

1 so, the Company identified three items that appear to differ in a very minor degree
2 from the total amount noted in the Commission's Order (approximately \$5.4 million).
3 These items are as follows:

4 First, the Order states that a total of \$69,000 shall be excluded from Interest Expense
5 because the expense relates to the Company's late payments on sales and property
6 taxes. However, of that amount, \$38,306 relates to interest expense on the
7 Conservation Loan Program. Therefore, the Company has excluded only \$30,694
8 (which is interest relating to late payments on sales and property taxes) from the
9 calculation in compliance with the Commission's Order.

10 Second, the Order notes that the Company testified that it was necessary to increase
11 operating expenses by \$58,056 in order to match FY2003 revenues with the
12 environmental amortization expenses incurred in FY2003 (Order at 10). However,
13 there is no explicit reference to this amount in the "Findings" section of the order.
14 Based on the reference to \$58,056 in Footnote 36, on page 18, the Company is
15 assuming that this amount is appropriate for inclusion in the ESM and has included
16 this amount in the recalculation.

17 Lastly, the Company updated the federal income tax calculation to reflect all of the
18 directives set forth in Order No. 17971, which resulted in an increase to federal
19 income tax expense of \$35,240. This recalculation was not noted in the Order, but
20 results necessarily from the adjustments set forth in the Order.

1 The result of these three minor adjustments is a total amount to be returned to
2 customers for FY2003 ESM of \$5,288,420, as shown on Attachment RJR-3, at page 1
3 of 7. This amount is \$76,420 more than the interim level reflected in rates and varies
4 by approximately \$112,000 from the \$5.4 million reference in Order No. 17971 (at
5 page 26).

6 **Q. HAS THE COMPANY COMPLETED ITS FY 2004 FERC FORM No 2?**

7 A. Yes, see Attachment RJR-4.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes.

**NEW ENGLAND GAS COMPANY
EARNINGS SHARING CALCULATION
FOR THE TWELVE MONTHS ENDED JUNE 2004**

1	Average Rate Base	Rate Base L25	241,200,361	1
2	Equity Component of Rate Base	Capital Structure L8	43.60%	2
3	Average Common Equity	(L1 * L2)	<u>105,163,357</u>	3
4				4
5	Net Income Available for Common Stock	Income Statement L62	12,239,240	5
6	Return on Common Equity	(L3 / L5)	11.64%	6
7				7
8	Return on Equity > 11.25% and <12.25%	(Lesser of 1% or L6 - 11.25%)	0.39%	8
9	Earnings to be Shared	(L3 * L8)	408,362	9
10	Earnings to Customers - 50%	(L9 * 50%)	204,181	10
11				11
12	Return on Equity >12.25 %	(If L6 >12.25%, L6 - 12.25%)	0.00%	12
13	Earnings to be Shared	(L3 * L12)	0	13
14	Earnings to Customers - 75%	(L13 * 75%)	0	14
15				15
16	Total After tax Earnings Credited to Customers	(L10 + L14)	<u><u>204,181</u></u>	16
17				17
18	Total Earnings Credited to DAC	(L16 / 65%)	<u><u>314,125</u></u>	18

NEW ENGLAND GAS COMPANY
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED JUNE 2004

	12 MONTHS ENDED JUNE 2004	
1 OPERATING REVENUES		1
2		2
3 TOTAL FIRM GAS	\$ 368,640,597	3
4 TRANSPORTATION	10,001,374	4
5 OTHER	2,101,339	5
6 COMPANY PORTION NON-FIRM MARGIN	(82,171)	6
7		7
8 TOTAL OPERATING REVENUES	380,661,139	8
9		9
10 ADJUSTMENTS TO OPERATING REVENUES		10
11 ESM FY '03-'04	1,914,647	11
12 UNBILLED REVENUES	1,161,337	12
13 INVENTORY FINANCING	(2,269,055)	13
14 TOTAL ADJUSTED OPERATING REVENUES	381,468,068	14
15		15
16		16
17 OPERATING EXPENSES		17
18		18
19 PRODUCTION (GAS COSTS)	230,049,936	19
20 STORAGE	855,554	20
21 DISTRIBUTION	18,516,424	21
22 CUSTOMER ACCOUNTS	18,882,667	22
23 SALES	427,223	23
24 ADMINISTRATIVE & GENERAL	38,202,541	24
25 CORPORATE ALLOCATION	3,196,999	25
26 INCENTIVE RELATED TO EARNINGS	(686,644)	26
27 TOTAL OPERATING EXPENSES	309,444,701	27
28		28
29 ADJUSTMENTS TO OPERATING EXPENSES		29
30		30
31 UNBILLED GAS COSTS	809,416	31
32 SAVINGS IMPUTED IN BASE RATES	2,049,000	32
33		33
34 TOTAL FUNCTIONAL EXP	312,303,117	34
35		35
36 OTHER EXPENSES		36
37		37
38 DEPRECIATION & AMORT.	19,729,957	38
39 LOCAL AND OTHER TAXES	10,353,857	39
40 REVENUE RELATED TAXES (GET)	10,588,530	40
41 FEDERAL INCOME TAXES @ 35%	6,835,399	41
42		42
43 TOTAL OTHER EXPENSES	47,507,743	43
44		44
45 INCOME BEFORE INT EXP	21,657,208	45
46		46
47		47
48 INTEREST EXPENSE		48
49		49
50 SHORT-TERM DEBT	429,140	50
51 LONG-TERM DEBT	8,608,851	51
52 OTHER	152,729	52
53 AFDUC	(227,824)	53
54 TOTAL INTEREST EXPENSE	8,962,895	54
55		55
56		56
57 NET INCOME (LOSS)	12,694,313	57
58		58
59 PREFERRED DIVIDENDS	455,073	59
60		60
61 NET INC (LOSS) APPL TO CMN STK	\$ 12,239,240	61

NEW ENGLAND GAS COMPANY
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED JUNE 2004

1 OPERATING REVENUES	381,468,068	1
2		2
3 LESS :		3
4		4
5 OPERATING EXPENSES	312,303,117	5
6 DEPRECIATION & AMORT.	19,729,957	6
7 LOCAL AND OTHER TAXES	10,353,857	7
8 REVENUE RELATED TAXES (GET)	10,588,530	8
9 SHORT-TERM DEBT	429,140	9
10 LONG-TERM DEBT	8,608,851	10
11 OTHER	152,729	11
12 AFDUC	<u>(227,824)</u>	12
13		13
14 TOTAL DEDUCTIONS	361,938,356	14
15		15
16 TAXABLE INCOME	19,529,712	16
17		17
18 FEDERAL INCOME TAX RATE @35%	<u>35%</u>	18
19		19
20 FEDERAL INCOME TAX EXPENSE	<u><u>6,835,399</u></u>	20

NEW ENGLAND GAS COMPANY
APPLICABLE CAPITOL STRUCTURE, INTEREST EXP & PREFERRED DIVIDEND
JUNE 2004

	%	\$	
1 RATE BASE		<u>241,200,361</u>	1
2			2
3 CAPITAL STRUCTURE			3
4			4
5 SHORT TERM DEBT	8.8%	21,225,632	5
6 LONG TERM DEBT	45.7%	110,228,565	6
7 PREFERRED STOCK	1.9%	4,582,807	7
8 COMMON EQUITY	43.6%	105,163,357	8
9	<u>100.0%</u>	<u>241,200,361</u>	9
10 INTEREST EXPENSE			10
11			11
12			12
13 LONG TERM DEBT PORTION	45.7%	110,228,565	13
14			14
15 COST OF LONG TERM DEBT JUNE 2004		7.81%	15
16			16
17 PROFORMA INTEREST FOR THE 12 MONTHS ENDED JUNE 2004		<u>8,608,851</u>	17
18			18
19			19
20			20
21 SHORT TERM DEBT PORTION	8.8%	21,225,632	21
22			22
23 COST OF SHORT TERM DEBT JUNE 2004		2.0218%	23
24			24
25 PROFORMA INTEREST FOR THE 12 MONTHS ENDED JUNE 2004		<u>429,140</u>	25
26			26
27 PREFERRED STOCK			27
28			28
29			29
30 PREFERRED STOCK PORTION	1.9%	4,582,807	30
31			31
32 COST OF PREFERRED STOCK JUNE 2004		9.93%	32
33			33
34 PROFORMA PREFERRED STK FOR 12 MONTHS ENDED JUNE 2004		<u>455,073</u>	34

NEW ENGLAND GAS COMPANY
RATE BASE
FIVE QUARTER AVERAGE JUNE 2004

	JUNE 2003	SEPTEMBER 2003	DECEMBER 2003	MARCH 2003	JUNE 2004	AVERAGE JUNE 2004
1 GAS PLANT IN SERVICE	\$ 475,656,701	\$ 478,266,045	\$ 485,555,429	\$ 488,793,092	\$ 489,759,235	\$ 483,606,100
2 ACCUMULATED DEPRECIATION	201,677,093	206,533,050	210,691,348	215,602,469	217,836,008	210,467,994
3 LESS : ENVIRONMENTAL EXPENDITURES	10,832,263	10,455,049	10,838,383	10,550,849	10,490,624	10,633,434
4						
5 NET PLANT	263,147,345	261,277,946	264,025,698	262,639,774	261,432,603	262,504,673
6						
7 MATERIALS AND SUPPLIES	1,437,970	1,820,987	1,819,801	1,683,815	1,854,664	1,723,447
8 PREPAID EXPENSES EXCLUDING TAXES	1,572,404	1,408,507	945,029	820,800	387,548	1,026,858
9 DEFERRED DEBITS	2,820,000	2,760,000	2,700,000	2,640,000	2,580,000	2,700,000
10 GAS INVENTORIES	-	-	-	-	-	0
11 CASH WORKING CAPITAL	9,536,771	9,536,771	9,536,771	9,536,771	11,106,535	9,850,723
12						
13	15,367,145	15,526,265	15,001,601	14,681,386	15,928,747	15,301,028
14						
15						
16 ACCUMULATED DEFERRED FIT	30,627,279	30,627,279	30,627,279	30,627,279	33,749,016	31,251,626
17 ACCUMULATED DEFERRED ITC	1,848,958	1,797,816	1,746,674	1,695,532	1,644,390	1,746,674
18 CUSTOMER DEPOSITS	2,681,730	2,707,507	2,824,042	2,856,226	2,804,951	2,774,891
19 INJURY AND DAMAGE RESERVE	659,824	779,888	632,410	1,074,215	1,014,410	832,149
20						
21	35,817,791	35,912,490	35,830,405	36,253,252	39,212,767	36,605,341
22						
23						
24						
25 RATE BASE	\$ 242,696,699	\$ 240,891,721	\$ 243,196,894	\$ 241,067,908	\$ 238,148,583	\$ 241,200,361

NEW ENGLAND GAS COMPANY
CASH WORKING CAPITAL CALCULATION
FOR THE TWELVE MONTHS ENDED

	JUNE 2003	JUNE 2004	
1 GAS COSTS	194,099,908	230,049,936	1
2 OPERATING EXP LESS CORPORATE OH'S	65,628,827	76,197,766	2
3 PAYROLL TAXES	2,815,328	3,082,628	3
4 PROPERTY TAXES	6,463,011	7,334,067	4
5 STATE TAXES OTHER	449,334	(62,838)	5
6 RI GROSS EARNINGS TAX	10,746,928	10,588,530	6
7 FEDERAL TAXES			7
8 TOTAL	280,946,026	327,190,089	8
9			9
10 DAILY CASH REQUIREMENT	769,715	896,411	10
11			11
12 NET LAG	12.39	12.39	12
13			13
14 TOTAL WORKING CAPITAL	9,536,771	11,106,535	14

NEW ENGLAND GAS COMPANY
DETAIL OTHER REVENUE
FOR THE TWELVE MONTHS ENDED JUNE 2004

	AMOUNT	
1 RENT FROM GAS PROPERTY	261,000	1
2 DEFERRED REVENUE - GCC	352,156	2
3 OTHER GAS REVENUE - (TO - CGA)	11,303	3
4 DISPLACEMENT REVENUE	829,836	4
5 OTHER REVENUE MISC TAXABLE	50,992	5
6 OTHER REVENUE MISC NONTAXABLE	1,329	6
7 OTHER REVENUE LATE PYMT	186,009	7
8 INTEREST ON CUST ARREARS	373,795	8
9 INTEREST ON CUST ARREARS - LDCM	34,919	9
10	<u>2,101,339</u>	10

NEW ENGLAND GAS COMPANY
DETAIL OTHER INTEREST EXPENSE
FOR THE TWELVE MONTHS ENDED JUNE 2004

	AMOUNT	
1 INT CONSERVATION FUND (REGULATORY ASSET)	20,060	1
2 INTEREST ON CUSTOMER DEPOSITS	<u>132,669</u>	2
3 TOTAL OTHER INTEREST EXPENSE	<u><u>152,729</u></u>	3

NEW ENGLAND GAS COMPANY
DETAIL NON-OPERATING INCOME
TWELVE MONTHS ENDED JUNE 2004

	AMOUNT	
1 MERGER RELATED EXPENSE	198,385	1
2 GROSS EARNINGS TAX - NON-OP	(5,995)	2
3 GAIN / LOSS ON SALE / DISPOSAL	162,310	3
4 RENTAL REVENUES	68,184	4
5 MISC NON-OP INCOME	210,375	5
6 MISC PENALTIES	(40,500)	6
7 DUES AND MEMBERSHIPS	(11,402)	7
8 LOBBYING	(81,500)	8
9 PROMO ADVERTISING	(54,720)	9
10 MISC EXPENSE	(1,845)	10
11 OTHER INTEREST CHARGES	(137,491)	11
12 NON-OPERATING ADVERTISING	(39,637)	12
13 GOODWILL ADVERTISING	(1,757)	13
14 SERVICE CONTRACT REVENUE	1,036,582	14
15 TOTAL NON-OPERATING INCOME	<u>1,300,989</u>	15

NEW ENGLAND GAS COMPANY
CALCULATION OF AVERAGE SHORT-TERM INTEREST
FOR THE YEAR ENDED JUNE 30, 2004

<u>Month</u>	<u>Average Short-Term Debt Balance</u>	<u>Weighted Cost Rate</u>	<u>Short-Term Interest Expense</u>	
1 Jul-03	249,443,548	2.05%	426,007	1
2 Aug-03	319,177,419	2.12%	564,229	2
3 Sep-03	290,033,333	1.98%	478,651	3
4 Oct-03	152,258,065	2.17%	275,188	4
5 Nov-03	208,000,000	2.00%	345,833	5
6 Dec-03	223,387,097	2.06%	383,382	6
7 Jan-04	200,612,903	2.02%	338,031	7
8 Feb-04	178,448,276	1.84%	273,776	8
9 Mar-04	108,709,677	1.88%	170,472	9
10 Apr-04	28,000,000	1.85%	43,089	10
11 May-04	0	0.00%	0	11
12 Jun-04	200,000	4.19%	699	12
13				13
14	<u>\$ 163,189,193</u>		<u>\$ 274,946</u>	14
15				15
16 Totals	1,958,270,319	2.0218%	3,299,357	16

New England Gas Company
Rollforward of Accumulated Deferred Income Taxes

	Valley Gas / Bristol Warren	Providence Gas	New England Gas Company	
1 Balance @9/20/00	4,560,838	19,131,144	23,691,982	1
2 FY '01 Y/E Accrual	141,743	819,542	961,285	2
3 Balance @ 6/30/01	4,702,581	19,950,686	24,653,267	3
4 FY '02 Y/E Accrual	287,138	3,133,623	3,420,761	4
5 FY '01 Accrual True-Up		164,510	164,510	5
6 Balance @ 6/30/02	4,989,719	23,248,819	28,238,538	6
7 FY '03 Y/E Accrual			1,980,834	7
8 FY '02 Accrual True-Up			407,907	8
9 Balance @ 6/30/03			30,627,279	9
10 FY '04 Y/E Accrual			2,957,227	10
11 FY '03 Accrual True-Up			164,510	11
12 Balance @ 6/30/04			33,749,016	12

NEW ENGLAND GAS COMPANY
EARNINGS SHARING CALCULATION
FOR THE TWELVE MONTHS ENDED JUNE 2003

		ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	DIVISION ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION 12 MONTHS ENDED JUNE 2003
1	Average Rate Base	255,088,783	(16,523,945)	238,564,838	238,564,838
2	Equity Component of Rate Base	43.60%	43.60%	43.60%	43.60%
3	Average Common Equity	111,218,710	(7,204,440)	104,014,270	104,014,270
4					
5	Net Income Available for Common Stock	16,767,045	(201,050)	16,565,995	16,631,617
6	Return on Common Equity	15.08%		15.93%	15.99%
7					
8	Return on Equity > 11.25% and <12.25%	1.00%		1.00%	1.00%
9	Earnings to be Shared	1,112,187	(72,044)	1,040,143	1,040,143
10	Earnings to Customers - 50%	556,094	(36,022)	520,071	520,071
11					
12	Return on Equity >12.25 %	2.83%		3.68%	3.74%
13	Earnings to be Shared	3,142,753	681,494	3,824,247	3,889,869
14	Earnings to Customers - 75%	2,357,065	511,121	2,868,185	2,917,402
15					
16	Total After tax Earnings Credited to Customers	2,913,159	475,099	3,388,256	3,437,473
17					
18	Total Earnings Credited to DAC	4,481,783	730,921	5,212,702	5,288,420

NEW ENGLAND GAS COMPANY
INCOME STATEMENT
FOR THE TWELVE MONTHS ENDED JUNE 2003

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	DIVISION ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION ADJUSTMENTS	FINAL COMMISSION 12 MONTHS ENDED JUNE 2003
1 OPERATING REVENUES					
2					
3 TOTAL FIRM GAS	\$ 324,323,353	\$ (1,588,000)	\$ 322,735,353	\$ 33	\$ 322,735,386
4 TRANSPORTATION	13,153,793		13,153,793		13,153,793
5 OTHER	1,617,396		1,617,396		1,617,396
6 COMPANY PORTION NON-FIRM MARGIN	(141,288)		(141,288)	(27,214)	(168,502)
7					
8 TOTAL OPERATING REVENUES	338,953,254	(1,588,000)	337,365,254	(27,181)	337,338,073
9					
10 ADJUSTMENTS TO OPERATING REVENUES					
11					
12 ERI - 2	5,227,000		5,227,000		5,227,000
13 UNBILLED REVENUES	(746,741)		(746,741)		(746,741)
14					
15 TOTAL ADJUSTED OPERATING REVENUES	343,433,513	(1,588,000)	341,845,513	(27,181)	341,818,332
16					
17					
18 OPERATING EXPENSES					
19					
20 PRODUCTION (GAS COSTS)	194,534,846		194,534,846		194,534,846
21 STORAGE	1,059,213		1,059,213		1,059,213
22 DISTRIBUTION	18,092,224		18,092,224		18,092,224
23 CUSTOMER ACCOUNTS	14,993,350		14,993,350		14,993,350
24 SALES	229,308		229,308		229,308
25 ADMIN & GEN	31,997,422	(536,000)	31,461,422	(217,241)	31,244,181
26 CORPORATE ALLOCATION	3,751,079		3,751,079		3,751,079
27					
28 TOTAL OPERATING EXPENSES	264,657,442	(536,000)	264,121,442	(217,241)	263,904,201
29					
30 ADJUSTMENTS TO OPERATING EXPENSES					
31					
32 UNBILLED GAS COSTS	(434,938)		(434,938)		(434,938)
33 SAVINGS IMPUTED IN BASE RATES	2,049,000		2,049,000		2,049,000
34					
35 TOTAL FUNCTIONAL EXP	266,271,504	(536,000)	265,735,504	(217,241)	265,518,263
36					
37 OTHER EXPENSES					
38					
39 DEPRECIATION & AMORT.	20,165,405		20,165,405	58,056	20,223,461
40 LOCAL AND OTHER TAXES	9,727,673		9,727,673		9,727,673
41 REVENUE RELATED TAXES (GET)	10,746,928		10,746,928		10,746,928
42 FEDERAL INCOME TAXES @ 35% (ADJ \$20,320)	9,287,557	(124,950)	9,162,607	35,240	9,197,847
43					
44 TOTAL OTHER EXPENSES	49,927,563	(124,950)	49,802,613	93,296	49,895,909
45					
46 INCOME BEFORE INT EXP	27,234,446	(927,050)	26,307,396	96,764	26,404,160
47					
48					
49 INTEREST EXPENSE					
50					
51 SHORT-TERM DEBT	549,724	(36,000)	513,724	391	514,115
52 LONG-TERM DEBT	9,104,552	(590,000)	8,514,552	233	8,514,785
53 OTHER	503,744	(69,000)	434,744	30,694	465,438
54 AFDUC	(171,896)		(171,896)		(171,896)
55 TOTAL INTEREST EXPENSE	9,986,125	(695,000)	9,291,125	31,318	9,322,443
56					
57					
58 NET INCOME (LOSS)	17,248,321	(232,050)	17,016,271	65,446	17,081,717
59					
60 PREFERRED DIVIDENDS	481,276	(31,000)	450,276	(176)	450,100
61					
62 NET INC (LOSS) APPL TO CMN STK	\$ 16,767,045	\$ (201,050)	\$ 16,565,995	\$ 65,622	\$ 16,631,617

NEW ENGLAND GAS COMPANY
INCOME STATEMENT RECONCILIATION
FINAL FISCAL 2003 ESM CALCULATION

INCOME STATEMENT LINE NUMBER	REFERENCE	FINAL COMMISSION AMOUNT	
OPERATING REVENUE:			
1 LINE 3 - TOTAL FIRM GAS	SCHEDULE DJE-2S, PAGE 2	(1,587,967)	1
2 LINE 6 - NON-FIRM MARGIN	EXHIBIT BRO-1 & REVISED ATTCH PCC-5	(27,214)	2
3		<u>(1,615,181)</u>	3
4			4
5 OPERATING EXPENSES:			5
6			6
7 LINE 25 - ADVERTISING	ORDER # 17971	(53,169)	7
8 LINE 25 - CORP INCENTIVE	ORDER # 17972	(244,000)	8
9 LINE 25 - DIVISION INCENTIVE	ORDER # 17973	(173,500)	9
10 LINE 25 - SECURITY	ORDER # 17974	(215,021)	10
11 LINE 25 - LOBBYING	ORDER # 17975	(67,551)	11
12		<u>(753,241)</u>	12
13			13
14 OTHER EXPENSES:			14
15			15
16 LINE 39 - ENVIRON AMORT	DIV 2-10 & ATTACH PCC-8 & ORDER # 17971	58,056	16
17 LINE 42 - FIT	ATTACHMENT RJR-1 COMPLIANCE FILING	35,240	17
18		<u>93,296</u>	18
19			19
20 INTEREST EXPENSE:			20
21			21
22 LINE 51 - SHORT-TERM DEBT	SCHEDULE DJE-2S PAGE 1	(35,609)	22
23 LINE 52 - LONG-TERM DEBT	SCHEDULE DJE-2S PAGE 1	(589,767)	23
24 LINE 53 - OTHER INTEREST	RR 1-13 CONSERVATION LOAN PROGRAM	(38,306)	24
25		<u>(663,682)</u>	25
26			26
27			27
28 PREFERRED DIVIDENDS	SCHEDULE DJE-2S PAGE 1	<u>(31,176)</u>	28

NEW ENGLAND GAS COMPANY
FEDERAL INCOME TAX CALCULATION
FOR THE TWELVE MONTHS ENDED JUNE 2003

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	DIVISION ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION ADJUSTMENTS	FINAL COMMISSION 12 MONTHS ENDED JUNE 2003	
1 OPERATING REVENUES	343,433,513	(1,588,000)	341,845,513	(27,181)	341,818,332	1
2						2
3 LESS :						3
4						4
5 OPERATING EXPENSES	266,271,504	(536,000)	265,735,504	(217,241)	265,518,263	5
6 DEPRECIATION & AMORT.	20,165,405		20,165,405	58,056	20,223,461	6
7 LOCAL AND OTHER TAXES	9,727,673		9,727,673		9,727,673	7
8 REVENUE RELATED TAXES (GET)	10,746,928		10,746,928		10,746,928	8
9 SHORT-TERM DEBT	549,724	(36,000)	513,724	391	514,115	9
10 LONG-TERM DEBT	9,104,552	(590,000)	8,514,552	233	8,514,785	10
11 OTHER	503,744	(69,000)	434,744	30,694	465,438	11
12 AFDUC	(171,896)		(171,896)		(171,896)	12
13						13
14 TOTAL DEDUCTIONS	316,897,635	(1,231,000)	315,666,635	(127,867)	315,538,768	14
15						15
16 TAXABLE INCOME	26,535,878	(357,000)	26,178,878	100,686	26,279,564	16
17						17
18 FEDERAL INCOME TAX RATE @35%	35%	35%	35%	35%	35%	18
19						19
20 FEDERAL INCOME TAX EXPENSE	9,287,557	(124,950)	9,162,607	35,240	9,197,847	20

NEW ENGLAND GAS COMPANY
APPLICABLE CAPITOL STRUCTURE, INTEREST EXP & PREFERRED DIVIDEND
JUNE 2003

		ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	DIVISION ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION ADJUSTMENTS	FINAL COMMISSION ENDED JUNE 2003
1 RATE BASE	%	\$				
2		255,088,783	(16,523,945)	238,564,838	0	238,564,838
3						
4						
5 SHORT TERM DEBT	8.8%	22,447,813	(1,454,107)	20,993,706	0	20,993,706
6 LONG TERM DEBT	45.7%	116,575,574	(7,551,443)	109,024,131	0	109,024,131
7 PREFERRED STOCK	1.9%	4,846,687	(313,955)	4,532,732	0	4,532,732
8 COMMON EQUITY	43.6%	111,218,710	(7,204,440)	104,014,270	0	104,014,270
9	100.0%	255,088,783	(16,523,945)	238,564,838	0	238,564,838
10						
11						
12						
13 LONG TERM DEBT PORTION	45.7%	116,575,574	(7,551,443)	109,024,131	0	109,024,131
14						
15 COST OF LONG TERM DEBT JUNE 2003		7.81%	7.81%	7.81%	7.81%	7.81%
16						
17 PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2003		9,104,552	(589,768)	8,514,785	0	8,514,785
18						
19						
20						
21 SHORT TERM DEBT PORTION	8.8%	22,447,813	(1,454,107)	20,993,706	0	20,993,706
22						
23 COST OF SHORT TERM DEBT JUNE 2003		2.4489%	2.4489%	2.4489%	2.4489%	2.4489%
24						
25 PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2003		549,724	(35,610)	514,115	0	514,115
26						
27						
28						
29						
30 PREFERRED STOCK PORTION	1.9%	4,846,687	(313,955)	4,532,732	0	4,532,732
31						
32 COST OF LONG TERM DEBT JUNE 2003		9.93%	9.93%	9.93%	9.93%	9.93%
33						
34 PROFORMA INTEREST FOR 12 MONTHS ENDED JUNE 2003		481,276	(31,176)	450,100	0	450,100

NEW ENGLAND GAS COMPANY
RATE BASE
ADJUSTED FIVE QUARTER AVERAGE JUNE 2003

	ORIGINAL AS FILED 12 MONTHS ENDED JUNE 2003	FINAL DIVISION SUPPLEMENTAL ADJUSTMENTS	EFFRON ADJUSTED 12 MONTHS ENDED JUNE 2003	FINAL COMMISSION ADJUSTMENTS	COMPANY ADJUSTED 12 MONTHS ENDED JUNE 2003
1 GAS PLANT IN SERVICE	\$ 465,353,788		\$ 465,353,788		\$ 465,353,788
2 ACCUMULATED DEPRECIATION	190,317,661		190,317,661		190,317,661
3 LESS: ENVIRONMENTAL EXPENDITURES	13,070,640		13,070,640		13,070,640
4					
5 NET PLANT	261,965,487	-	261,965,487	-	261,965,487
6					
7 MATERIALS AND SUPPLIES	1,497,678		1,497,678		1,497,678
8 PREPAID EXPENSES EXCLUDING TAXES	3,191,622	(1,227,512)	1,964,110		1,964,110
9 DEFERRED DEBITS	2,940,000		2,940,000		2,940,000
10 GAS INVENTORIES	15,296,433	(15,296,433)	0		0
11 CASH WORKING CAPITAL	7,759,831		7,759,831		7,759,831
12					
13	30,685,564	(16,523,945)	14,161,619	0	14,161,619
14					
15					
16 ACCUMULATED DEFERRED FIT	32,316,489		32,316,489		32,316,489
17 ACCUMULATED DEFERRED ITC	1,979,543		1,979,543		1,979,543
18 CUSTOMER DEPOSITS	2,742,686		2,742,686		2,742,686
19 INJURY AND DAMAGE RESERVE	523,550		523,550		523,550
20					
21	37,562,268	-	37,562,268	-	37,562,268
22					
23					
24					
25 RATE BASE	\$ 255,088,783	\$ (16,523,945)	\$ 238,564,838	\$ -	\$ 238,564,838

**NEW ENGLAND GAS COMPANY
CASH WORKING CAPITAL CALCULATION
FOR THE TWELVE MONTHS ENDED**

	JUNE 2002	JUNE 2003	
1 GAS COSTS	135,647,076	194,099,908	1
2 OPERATING EXP LESS CORPORATE OH'S	63,344,834	66,371,517	2
3 PAYROLL TAXES	2,689,391	2,815,328	3
4 PROPERTY TAXES	5,986,542	6,463,011	4
5 STATE TAXES OTHER	123,766	449,334	5
6 RI GROSS EARNINGS TAX	7,720,299	10,746,928	6
7 FEDERAL TAXES			7
8 TOTAL	<u>215,511,908</u>	<u>280,946,026</u>	8
9			9
10 DAILY CASH REQUIREMENT	590,444	769,715	10
11			11
12 NET LAG	12.39	12.39	12
13			13
14 TOTAL WORKING CAPITAL	<u><u>7,315,596</u></u>	<u><u>9,536,771</u></u>	14

STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
PUBLIC UTILITIES COMMISSION

NEW ENGLAND GAS COMPANY
DOCKET NO. 3548

SUPPLEMENTAL TESTIMONY

OF

PETER C. CZEKANSKI

September 3, 2004

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Peter C. Czekanski. My business address is 100 Weybosset Street,
3 Providence, RI 02903.

4 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN THIS DOCKET ?**

5 A. Yes. I previously submitted prefiled testimony on July 30, 2004.

6 **Q. WHAT IS THE PURPOSE OF YOUR SUPPLEMENTAL TESTIMONY?**

7 A. The purpose of this supplemental testimony is to update the proposed Distribution
8 Adjustment Charge ("DAC"). Specifically this testimony will describe updates to the
9 various DAC components that were included in the July 30, 2004 filing as
10 preliminary and to incorporate the Earnings Sharing calculation for the fiscal year
11 ending June 30, 2004.

12 **Q. ARE THERE ANY SCHEDULES ACCOMPANYING YOUR TESTIMONY?**

13 A. Yes. I am sponsoring the following Schedules:

14	Revised PCC-1	Summary of Distribution Adjustment Charges
15	Revised PCC-2	Typical Customer Bill Impacts
16	Revised PCC-3	System Pressure
17	Revised PCC-7	Reconciliation
18	PCC-8	Earnings Sharing Calculation

19

1 **Q. WHAT CHANGED WITH THE SYSTEM PRESSURE CALCULATION?**

2 A. The LNG commodity related costs used in the July 30, 2004 system pressure
3 calculation were based on preliminary cost estimates. These costs are now being
4 updated to correspond with the LNG costs included in the Company's September 1,
5 2004 Gas Cost Recovery ("GCR") filing in Docket No. 3436. Whereas the
6 preliminary LNG commodity related costs allocated to the DAC were \$1,908,365, the
7 final projected costs are \$2,004,944. The Revised Schedule PCC-3 shows the
8 calculation of a System Pressure Factor of \$0.0056 per therm.

9 **Q. WHAT HAS BEEN REVISED ON THE ATTACHMENT PCC-7?**

10 A. Attachment PCC-7 shows the reconciliation of actual costs and revenues with the
11 previous projections. Whereas actual throughput for the month of July 2004 is now
12 available, Attachment PCC-7 has been updated accordingly on pages 4 and 5. In
13 addition, the interest rate has been updated to reflect the recent changes in the prime
14 interest rate. The net result of these updates does not change the net reconciliation
15 component reflected in the proposed DAC.

16 **Q. HAS THE COMPANY PERFORMED THE EARNINGS SHARING**
17 **CALCULATION FOR INCLUSION IN THIS TESTIMONY?**

18 A. Yes. As required under the provisions of the Commission approved settlement
19 agreement in Docket No. 3401, an earnings sharing calculation for the fiscal year

1 ending June 30, 2004 is included in this docket in the testimony of Mr. Robert J.
2 Riccitelli. That calculation shows \$314,125 of fiscal year 2004 earnings available for
3 distribution to customers through the DAC plus an incremental \$76,420 for fiscal
4 year 2003 based on the Commission Order No.17971. A summary of that calculation
5 is provided on Schedule PCC-8

6 **Q. WHAT IS THE PROPOSED DAC INCORPRATING THESE VARIOUS**
7 **UPDATES?**

8 A. The proposed DAC is a charge of \$0.0021 per therm for firm service customers.
9 These rates represent a net increase of \$0.0269 per therm from the currently effective
10 DAC rate. Revised Attachment PCC-1 provides a summary of the various
11 components that underlie the proposed DAC rate.

12 **Q. WHAT IS THE IMPACT OF THE PROPOSED DAC ON CUSTOMERS?**

13 A. The overall impact of the proposed DAC on typical customer bills is an increase of
14 approximately two percent for residential heating customers. A summary of typical
15 customer bill impacts at various levels of consumption and for the various rate classes
16 is shown on Revised Attachment PCC-2.

17 **Q. DOES THIS CONCLUDE YOUR SUPPLEMENTAL TESTIMONY?**

18 A. Yes.

Summary of Distribution Adjustment Charge

(\$ Per Therm)

Line No.	Description	reference	Factor
1	System Pressure	Revised Attach. PCC3	\$0.0056
2	Demand Side Management (DSM)	PCC Testimony	\$0.0000
3	Low Income Assistance Programs (LIAP)	PCC Testimony	\$0.0000
4	Environmental Response Cost (ERC)	Attach. PCC-4	(\$0.0018)
5	On-System Margin Credits (MC)	Attach. PCC-5	(\$0.0007)
6	Weather Normalization (WN)	Attach. PCC-6	(\$0.0015)
7	Earnings Sharing Mechanism (ESM)	Attach. PCC-8	(\$0.0011)
8	Reconciliation Factor (R)	Attach. PCC-7	\$0.0015
9	Subtotal	sum ([1]:[8])	\$0.0020
10	Uncollectible Percentage	Dkt 3401	2.10%
11	DAC adjusted for uncollectible	[9] / (1 - [10])	\$0.0021 per therm

Bill Impact Analysis:
Current Distribution, GCR and DAC Rates vs. with Proposed DAC

Residential Heating:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:			
			Difference	% Chg	Base Rates	GCR DAC
776	\$1,059	\$1,038	\$21	2.0%	\$0	\$0 \$21
828	\$1,120	\$1,098	\$22	2.0%	\$0	\$0 \$22
880	\$1,181	\$1,157	\$24	2.0%	\$0	\$0 \$24
932	\$1,242	\$1,217	\$25	2.1%	\$0	\$0 \$25
983	\$1,303	\$1,276	\$26	2.1%	\$0	\$0 \$26
1,035	\$1,363	\$1,335	\$28	2.1%	\$0	\$0 \$28
1,087	\$1,424	\$1,395	\$29	2.1%	\$0	\$0 \$29
1,139	\$1,484	\$1,454	\$31	2.1%	\$0	\$0 \$31
1,190	\$1,545	\$1,513	\$32	2.1%	\$0	\$0 \$32
1,242	\$1,604	\$1,571	\$33	2.1%	\$0	\$0 \$33
1,294	\$1,664	\$1,629	\$35	2.1%	\$0	\$0 \$35

Residential Non-Heating:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:			
			Difference	% Chg	Base Rates	GCR DAC
115	\$238	\$209	\$29	13.7%	\$0	\$0 \$29
122	\$248	\$217	\$31	14.1%	\$0	\$0 \$31
130	\$258	\$225	\$33	14.4%	\$0	\$0 \$33
138	\$268	\$233	\$34	14.8%	\$0	\$0 \$34
145	\$278	\$241	\$36	15.1%	\$0	\$0 \$36
153	\$287	\$249	\$38	15.4%	\$0	\$0 \$38
161	\$297	\$257	\$40	15.6%	\$0	\$0 \$40
168	\$307	\$265	\$42	15.9%	\$0	\$0 \$42
176	\$317	\$273	\$44	16.1%	\$0	\$0 \$44
184	\$327	\$281	\$46	16.3%	\$0	\$0 \$46
191	\$337	\$289	\$48	16.6%	\$0	\$0 \$48

Bill Impact Analysis:
Current Distribution, GCR and DAC Rates vs. with Proposed DAC

C & I Small:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:			
			Difference	% Chg	Base Rates	GCR DAC
932	\$1,473	\$1,460	\$13	0.9%	\$0	\$0 \$13
994	\$1,544	\$1,531	\$14	0.9%	\$0	\$0 \$14
1,056	\$1,616	\$1,601	\$14	0.9%	\$0	\$0 \$14
1,118	\$1,687	\$1,671	\$15	0.9%	\$0	\$0 \$15
1,180	\$1,757	\$1,741	\$16	0.9%	\$0	\$0 \$16
1,242	\$1,828	\$1,811	\$17	0.9%	\$0	\$0 \$17
1,304	\$1,898	\$1,880	\$18	1.0%	\$0	\$0 \$18
1,366	\$1,967	\$1,949	\$19	1.0%	\$0	\$0 \$19
1,428	\$2,037	\$2,017	\$20	1.0%	\$0	\$0 \$20
1,490	\$2,106	\$2,086	\$20	1.0%	\$0	\$0 \$20
1,553	\$2,176	\$2,155	\$21	1.0%	\$0	\$0 \$21

C & I Medium:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:			
			Difference	% Chg	Base Rates	GCR DAC
7,761	\$9,001	\$8,792	\$209	2.4%	\$0	\$0 \$209
8,278	\$9,565	\$9,342	\$222	2.4%	\$0	\$0 \$222
8,796	\$10,129	\$9,892	\$236	2.4%	\$0	\$0 \$236
9,313	\$10,693	\$10,442	\$250	2.4%	\$0	\$0 \$250
9,831	\$11,257	\$10,993	\$264	2.4%	\$0	\$0 \$264
10,348	\$11,821	\$11,543	\$278	2.4%	\$0	\$0 \$278
10,865	\$12,385	\$12,093	\$292	2.4%	\$0	\$0 \$292
11,383	\$12,949	\$12,643	\$306	2.4%	\$0	\$0 \$306
11,900	\$13,513	\$13,193	\$320	2.4%	\$0	\$0 \$320
12,418	\$14,077	\$13,743	\$334	2.4%	\$0	\$0 \$334
12,935	\$14,641	\$14,293	\$348	2.4%	\$0	\$0 \$348

Bill Impact Analysis:
Current Distribution, GCR and DAC Rates vs. with Proposed DAC

C & I LLF Large:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:			
			Difference	% Chg	Base Rates	GCR DAC
50,456	\$56,131	\$54,776	\$1,356	2.5%	\$0	\$0 \$1,356
53,819	\$59,802	\$58,355	\$1,446	2.5%	\$0	\$0 \$1,446
57,183	\$63,472	\$61,935	\$1,537	2.5%	\$0	\$0 \$1,537
60,547	\$67,142	\$65,515	\$1,627	2.5%	\$0	\$0 \$1,627
63,910	\$70,812	\$69,094	\$1,718	2.5%	\$0	\$0 \$1,718
67,274	\$74,482	\$72,674	\$1,808	2.5%	\$0	\$0 \$1,808
70,638	\$78,152	\$76,254	\$1,898	2.5%	\$0	\$0 \$1,898
74,001	\$81,822	\$79,833	\$1,989	2.5%	\$0	\$0 \$1,989
77,365	\$85,492	\$83,413	\$2,079	2.5%	\$0	\$0 \$2,079
80,729	\$89,162	\$86,993	\$2,169	2.5%	\$0	\$0 \$2,169
84,093	\$92,832	\$90,573	\$2,260	2.5%	\$0	\$0 \$2,260

C & I HLF Large:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:			
			Difference	% Chg	Base Rates	GCR DAC
50,456	\$51,028	\$49,672	\$1,356	2.7%	\$0	\$0 \$1,356
53,820	\$54,358	\$52,911	\$1,446	2.7%	\$0	\$0 \$1,446
57,184	\$57,687	\$56,151	\$1,537	2.7%	\$0	\$0 \$1,537
60,548	\$61,017	\$59,390	\$1,627	2.7%	\$0	\$0 \$1,627
63,911	\$64,347	\$62,630	\$1,718	2.7%	\$0	\$0 \$1,718
67,275	\$67,677	\$65,869	\$1,808	2.7%	\$0	\$0 \$1,808
70,639	\$71,007	\$69,108	\$1,898	2.7%	\$0	\$0 \$1,898
74,003	\$74,337	\$72,348	\$1,989	2.7%	\$0	\$0 \$1,989
77,366	\$77,666	\$75,587	\$2,079	2.8%	\$0	\$0 \$2,079
80,730	\$80,996	\$78,827	\$2,170	2.8%	\$0	\$0 \$2,170
84,094	\$84,326	\$82,066	\$2,260	2.8%	\$0	\$0 \$2,260

Bill Impact Analysis:
Current Distribution, GCR and DAC Rates vs. with Proposed DAC

C & I LLF Extra-Large:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:			
			Difference	% Chg	Base Rates	GCR DAC
213,468	\$209,157	\$203,420	\$5,737	2.8%	\$0	\$0 \$5,737
227,699	\$222,861	\$216,742	\$6,119	2.8%	\$0	\$0 \$6,119
241,930	\$236,565	\$230,063	\$6,502	2.8%	\$0	\$0 \$6,502
256,162	\$250,269	\$243,384	\$6,884	2.8%	\$0	\$0 \$6,884
270,393	\$263,972	\$256,706	\$7,267	2.8%	\$0	\$0 \$7,267
284,624	\$277,676	\$270,027	\$7,649	2.8%	\$0	\$0 \$7,649
298,855	\$291,380	\$283,349	\$8,031	2.8%	\$0	\$0 \$8,031
313,086	\$305,084	\$296,670	\$8,414	2.8%	\$0	\$0 \$8,414
327,318	\$318,788	\$309,991	\$8,796	2.8%	\$0	\$0 \$8,796
341,549	\$332,491	\$323,313	\$9,179	2.8%	\$0	\$0 \$9,179
355,780	\$346,195	\$336,634	\$9,561	2.8%	\$0	\$0 \$9,561

C & I HLF Extra-Large:

Annual Consumption	Nov 04 - Oct 05	Currently Effective	Difference due to:			
			Difference	% Chg	Base Rates	GCR DAC
205,969	\$190,872	\$185,337	\$5,535	3.0%	\$0	\$0 \$5,535
219,700	\$203,357	\$197,452	\$5,904	3.0%	\$0	\$0 \$5,904
233,431	\$215,841	\$209,568	\$6,273	3.0%	\$0	\$0 \$6,273
247,163	\$228,326	\$221,684	\$6,642	3.0%	\$0	\$0 \$6,642
260,894	\$240,811	\$233,800	\$7,011	3.0%	\$0	\$0 \$7,011
274,625	\$253,296	\$245,916	\$7,380	3.0%	\$0	\$0 \$7,380
288,356	\$265,781	\$258,031	\$7,749	3.0%	\$0	\$0 \$7,749
302,088	\$278,265	\$270,147	\$8,118	3.0%	\$0	\$0 \$8,118
315,819	\$290,750	\$282,263	\$8,487	3.0%	\$0	\$0 \$8,487
329,550	\$303,235	\$294,379	\$8,856	3.0%	\$0	\$0 \$8,856
343,281	\$315,720	\$306,494	\$9,225	3.0%	\$0	\$0 \$9,225

Calculation of System Pressure Factor

	LNG Commodity Related Costs			Total
	Withdrawal Commodity (Dkt 3436)	Inventory Costs (Dkt 3436)	Demand from GCR (Dkt 3436)	
Nov-04	\$190,256	\$66,671	\$283,425	\$540,353
Dec-04	\$197,996	\$67,717	\$263,300	\$529,012
Jan-05	\$4,133,946	\$29,625	\$263,300	\$4,426,870
Feb-05	\$157,016	\$31,837	\$263,300	\$452,153
Mar-05	\$166,440	\$34,271	\$263,300	\$464,012
Apr-05	\$159,969	\$36,331	\$283,425	\$479,725
May-05	\$163,147	\$40,068	\$283,425	\$486,640
Jun-05	\$155,889	\$43,798	\$283,425	\$483,112
Jul-05	\$159,104	\$47,723	\$283,425	\$490,252
Aug-05	\$157,445	\$51,544	\$283,425	\$492,414
Sep-05	\$150,993	\$55,410	\$283,425	\$489,829
Oct-05	\$155,029	\$60,154	\$283,425	\$498,608
Total	\$5,947,231	\$565,149	\$3,320,600	\$9,832,980
System Balancing Factor (Dkt 3401)	0.2039	0.2039	0.2039	
GCR Costs allocated to DAC	\$1,212,640	\$115,234	\$677,070	\$2,004,944
Firm Thru-put (Dkt 3436)				35,569,425 dth
System Pressure Factor				\$0.0564 per dth
System Pressure Factor				\$0.0056 per Therm

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Distribution Adjustment Charge Reconciliation Factor
(\$ Per Therm)

Line No.	Description	reference	Ending Balance
1	DSM Factor - Base Rates	PCC-7, page 2	(\$15,778)
2	LIAP Factor - Base Rates	PCC-7, page 2	(\$94,124)
3	Environmental - Base Rates	PCC-7, page 3	(\$68,733)
4	System Pressure	PCC-7, page 4	\$542,857
5	Environmental - DAC	PCC-7, page 4	\$9,024
6	On-System Margin Credits	PCC-7, page 5	\$4,146
7	Weather Normalization	PCC-7, page 5	\$51,713
8	Earnings Sharing Mechanism	PCC-7, page 5	\$60,708
9	Previous Reconciliation Factor	PCC-7, page 5	(\$2,865)
10	ERI-2 Adjustments	PCC-7, page 3	\$44,646
11	Total	sum ([1]:[10])	\$531,594
12	Firm Thru-put	Nov 2004 - Oct 2005	35,569,425 dth
13	Reconciliation Factor	[11] / [12]	\$0.0149 per dth
14	Reconciliation Factor	[13] / 10	\$0.0015 per therm

Distribution Adjustment Charge Reconciliation Factor

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Base Rate / Fiscal Year Reconciling Components

		Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	12-mth end
	source	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	Jun 04
DAC FACTORS, \$(/dth)														
DSM Factor - Base Rates	Dkt 3401	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087	\$0.0087
LIAP Factor - Base Rates	Dkt 3401	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519	\$0.0519
Environmental - Base Rates	Dkt 3401	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379	\$0.0379
ERI-2 Weather Mitigation (PGC Only)	Dkt 3459	\$0.0881	\$0.1761	\$0.1761	\$0.1761	\$0.1761	\$0.1761	\$0.1761	\$0.1761	\$0.1761	\$0.1761	\$0.1761	\$0.1761	\$0.1761
ERI-2 Non-Firm Margin (PGC Only)	Dkt 3459	(\$0.0046)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)	(\$0.0093)
ERI-2 Excess Earnings (PGC Only)	Dkt 3459	(\$0.1019)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)	(\$0.2039)

RI Firm through-put (dth)	1,045,420	1,052,951	984,327	1,388,293	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	36,340,913
PGC Firm Thru-put	810,350	801,533	760,856	1,068,880	2,095,330	3,106,276	4,404,612	5,255,800	3,469,311	3,126,882	1,548,854	1,099,544	27,548,228

DSM Recon. Adjustment - Base Rates

DSM Recon. Acct Beg. Bal.	\$0	\$152	\$69	\$1,303	\$2,531	\$1,103	(\$775)	(\$5,269)	(\$15,113)	(\$11,668)	(\$15,828)	(\$15,088)	34,540,366
Fcst Firm Thru-put	1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413	\$300,501
Fcst DSM Collections	\$9,247	\$9,078	\$9,797	\$13,302	\$21,502	\$33,572	\$46,579	\$50,208	\$44,795	\$31,465	\$19,242	\$11,714	\$300,501
Actual Firm Thru-put	1,045,420	1,052,951	984,327	1,388,293	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	36,340,913
Actual DSM Collections	\$9,095	\$9,161	\$8,564	\$12,078	\$22,933	\$35,450	\$51,068	\$60,036	\$41,327	\$28,476	\$18,476	\$12,376	\$316,166
Collection Variance	\$152	(\$83)	\$1,233	\$1,224	(\$1,431)	(\$1,878)	(\$4,489)	(\$9,828)	\$3,468	(\$4,137)	\$766	(\$662)	(\$15,665)
Ending Balance	\$152	\$69	\$1,302	\$2,527	\$1,100	(\$75)	(\$3,020)	(\$15,097)	(\$11,645)	(\$15,805)	(\$15,062)	(\$15,419)	
Average Balance	\$76	\$111	\$686	\$1,915	\$1,815	\$164	(\$3,020)	(\$10,183)	(\$13,379)	(\$13,737)	(\$15,445)	(\$15,419)	
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	
Interest Applied	\$0	\$0	\$1	\$3	\$3	\$0	(\$5)	(\$16)	(\$23)	(\$23)	(\$26)	(\$29)	(\$113)
DSM End Balance	\$152	\$69	\$1,303	\$2,531	\$1,103	(\$775)	(\$5,269)	(\$15,113)	(\$11,668)	(\$15,828)	(\$15,088)	(\$15,778)	
Under(over) Recovery	\$152	(\$83)	\$1,234	\$1,227	(\$1,428)	(\$1,878)	(\$4,494)	(\$9,844)	\$3,445	(\$4,160)	\$740	(\$691)	

LIAP Recon. Adjustment - Base Rates

LIAP Recon. Acct Beg. Bal.	\$0	\$906	\$411	\$7,776	\$15,095	\$6,581	(\$4,622)	(\$31,431)	(\$90,158)	(\$69,606)	(\$94,418)	(\$90,002)	34,540,366
Fcst Firm Thru-put	1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413	\$300,501
Fcst LIAP Collections	\$55,162	\$54,152	\$58,445	\$79,352	\$128,273	\$200,274	\$277,869	\$299,518	\$267,223	\$187,707	\$114,791	\$69,879	\$1,792,645
Actual Firm Thru-put	1,045,420	1,052,951	984,327	1,388,293	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	36,340,913
Actual LIAP Collections	\$54,257	\$54,648	\$51,087	\$72,052	\$136,805	\$211,478	\$304,648	\$358,148	\$246,536	\$212,384	\$110,219	\$73,830	\$1,886,092
Collection Variance	\$905	(\$496)	\$7,358	\$7,300	(\$8,532)	(\$11,204)	(\$26,779)	(\$58,630)	\$20,687	(\$24,677)	\$4,572	(\$3,951)	(\$93,447)
Ending Balance	\$905	\$410	\$7,769	\$15,076	\$6,563	(\$4,623)	(\$31,401)	(\$90,061)	\$69,471	(\$94,283)	(\$89,846)	(\$93,953)	
Average Balance	\$453	\$658	\$4,090	\$11,426	\$10,829	\$979	(\$18,011)	(\$60,746)	(\$79,814)	(\$81,945)	(\$92,132)	(\$91,978)	
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	
Interest Applied	\$1	\$1	\$7	\$19	\$18	\$2	(\$31)	(\$97)	(\$136)	(\$135)	(\$156)	(\$170)	(\$677)
LIAP End Balance	\$906	\$411	\$7,776	\$15,095	\$6,581	(\$4,622)	(\$31,431)	(\$90,158)	(\$69,606)	(\$94,418)	(\$90,002)	(\$94,124)	
Under(over) Recovery	\$906	(\$495)	\$7,365	\$7,319	(\$8,514)	(\$11,202)	(\$26,810)	(\$58,727)	\$20,551	(\$24,812)	\$4,416	(\$4,121)	

Distribution Adjustment Charge Reconciliation Factor

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Base Rate / Fiscal Year Reconciling Components

source	12-mth end											
	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04
	31	31	30	31	30	31	31	29	31	30	31	30
(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)
Environmental Recon. Adjust - Base Rates												
Environmental Recon. Acct Beg. Bal.	\$0	\$662	\$300	\$5,679	\$11,024	\$4,807	(\$3,373)	(\$22,951)	(\$65,836)	(\$50,828)	(\$68,948)	(\$65,723)
Fcst Firm Thru-put	1,062,847	1,043,395	1,126,112	1,528,945	2,471,545	3,858,840	5,353,921	5,771,059	5,148,808	3,616,705	2,211,777	1,346,413
Fcst Environmental Collections	\$40,282	\$39,545	\$42,680	\$57,947	\$93,672	\$146,250	\$202,914	\$218,723	\$195,140	\$83,826	\$51,029	\$1,309,081
Actual Firm Thru-put	1,045,420	1,052,951	984,327	1,388,293	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548
Actual Environmental Collections	\$39,621	\$39,907	\$37,306	\$52,616	\$99,902	\$154,432	\$222,469	\$261,538	\$180,033	\$155,094	\$80,487	\$53,915
Ending Environmental Balance	\$661	\$300	\$5,674	\$11,010	\$4,794	(\$3,375)	(\$22,928)	(\$65,766)	(\$50,729)	(\$68,849)	(\$65,609)	\$1,377,320
Average Balance	\$331	\$481	\$2,987	\$8,345	\$7,909	\$716	(\$13,151)	(\$44,358)	(\$58,283)	(\$59,839)	(\$67,278)	(\$67,166)
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%
Interest Applied	\$1	\$1	\$5	\$14	\$13	\$1	(\$22)	(\$70)	(\$99)	(\$98)	(\$114)	(\$124)
Environmental End Balance	\$662	\$300	\$5,679	\$11,024	\$4,807	(\$3,373)	(\$22,951)	(\$65,836)	(\$50,828)	(\$68,948)	(\$65,723)	(\$68,733)
Under(over) Recovery	\$662	(\$361)	\$5,379	\$5,345	(\$6,217)	(\$8,181)	(\$19,577)	(\$42,885)	\$15,008	\$0	\$3,225	(\$3,010)

ERI-2 Adjust. - DAC Wthr Mitigation (PGC Only)

ERI-2 Wthr Mit. Factor Acct Beg. Bal	\$4,516,200	\$4,452,447	\$4,318,716	\$4,191,696	\$4,010,394	\$3,647,633	\$3,106,256	\$2,335,089	\$1,412,360	\$803,191	\$253,320	(\$19,281)
Classified's	810,350	801,533	760,856	1,068,880	2,095,330	3,106,276	4,404,612	5,255,800	3,469,311	3,126,882	1,548,854	1,099,544
Actual Firm Thru-put	\$71,363	\$141,174	\$134,010	\$188,262	\$369,050	\$547,108	\$775,784	\$925,704	\$611,050	\$550,738	\$272,800	\$193,663
Ending ERI-2 Wthr Mit. Collections	\$4,444,837	\$4,311,273	\$4,184,707	\$4,003,434	\$3,641,344	\$3,100,525	\$2,330,472	\$1,409,385	\$801,310	\$252,453	(\$19,479)	(\$212,943)
Average Monthly Balance	\$4,480,518	\$4,381,860	\$4,251,712	\$4,097,565	\$3,825,869	\$3,374,079	\$2,718,364	\$1,872,237	\$1,106,835	\$527,822	\$116,921	(\$116,112)
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%
Interest Applied	\$7,611	\$7,443	\$6,989	\$8,960	\$6,289	\$5,731	\$4,617	\$2,975	\$1,880	\$868	\$199	\$51,348
ERI-2 Wthr Mitigation End Balance	\$4,452,447	\$4,318,716	\$4,191,696	\$4,010,394	\$3,647,633	\$3,106,256	\$2,335,089	\$1,412,360	\$803,191	\$253,320	(\$19,281)	(\$213,158)
Under(over) Recovery	(\$63,753)	(\$133,731)	(\$127,020)	(\$181,302)	(\$362,761)	(\$541,377)	(\$771,167)	(\$922,729)	(\$609,170)	(\$549,870)	(\$272,801)	(\$193,877)

ERI-2 Adjust. - DAC NF Margin (PGC Only)

ERI-2 NF Margin Factor Acct Beg. Bal	\$237,789	(\$234,434)	(\$227,395)	(\$220,710)	(\$211,168)	(\$192,076)	(\$163,582)	(\$122,995)	(\$74,430)	(\$42,369)	(\$13,429)	\$919
Classified's	810,350	801,533	760,856	1,068,880	2,095,330	3,106,276	4,404,612	5,255,800	3,469,311	3,126,882	1,548,854	1,099,544
Actual Firm Thru-put	(\$3,756)	(\$7,430)	(\$7,053)	(\$9,909)	(\$19,424)	(\$28,795)	(\$40,831)	(\$48,721)	(\$32,461)	(\$28,986)	(\$14,358)	(\$10,193)
Ending ERI-2 NF Margin Collections	(\$234,033)	(\$227,004)	(\$220,342)	(\$210,802)	(\$191,745)	(\$163,281)	(\$122,752)	(\$74,274)	(\$42,270)	(\$13,383)	\$929	\$11,112
Average Monthly Balance	(\$235,911)	(\$230,719)	(\$223,869)	(\$215,756)	(\$201,456)	(\$177,678)	(\$143,167)	(\$98,634)	(\$58,350)	(\$27,876)	(\$6,250)	\$6,015
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%
Interest Applied	(\$401)	(\$392)	(\$368)	(\$366)	(\$331)	(\$302)	(\$243)	(\$157)	(\$99)	(\$46)	(\$11)	\$11
ERI-2 NF Margin End Balance	(\$234,434)	(\$227,395)	(\$220,710)	(\$211,168)	(\$192,076)	(\$163,582)	(\$122,995)	(\$74,430)	(\$42,369)	(\$13,429)	\$919	(\$2,704)
Under(over) Recovery	\$3,355	\$7,038	\$6,685	\$9,542	\$19,093	\$28,493	\$40,588	\$48,565	\$32,061	\$28,940	\$14,347	\$10,204

ERI-2 Adjust. - DAC Excess Earnings (PGC Only)

ERI-2 NF Margin Factor Acct Beg. Bal	\$5,217,000	(\$5,153,214)	(\$4,998,436)	(\$4,851,424)	(\$4,641,589)	(\$4,221,735)	(\$3,595,154)	(\$2,702,618)	(\$1,634,667)	(\$929,624)	(\$293,213)	\$22,291
Classified's	810,350	801,533	760,856	1,068,880	2,095,330	3,106,276	4,404,612	5,255,800	3,469,311	3,126,882	1,548,854	1,099,544
Actual Firm Thru-put	(\$2,595)	(\$163,393)	(\$155,100)	(\$217,891)	(\$427,133)	(\$633,214)	(\$997,880)	(\$1,071,395)	(\$707,219)	(\$637,415)	(\$315,734)	(\$224,142)
Ending ERI-2 EE Margin Balance	(\$5,144,405)	(\$4,989,821)	(\$4,843,335)	(\$4,633,533)	(\$4,214,456)	(\$3,588,520)	(\$2,697,274)	(\$1,631,223)	(\$927,448)	(\$292,209)	\$22,521	\$246,433
Average Monthly Balance	(\$5,185,703)	(\$5,071,517)	(\$4,920,886)	(\$4,742,479)	(\$4,428,022)	(\$3,905,128)	(\$3,146,214)	(\$2,166,921)	(\$1,281,057)	(\$610,916)	(\$135,346)	\$134,362
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%
Interest Applied	(\$8,809)	(\$8,615)	(\$8,089)	(\$9,056)	(\$7,279)	(\$6,633)	(\$5,344)	(\$3,443)	(\$2,176)	(\$1,004)	(\$230)	\$248
ERI-2 EE End Balance	(\$5,153,214)	(\$4,998,436)	(\$4,851,424)	(\$4,641,589)	(\$4,221,735)	(\$3,595,154)	(\$2,702,618)	(\$1,634,667)	(\$929,624)	(\$293,213)	\$22,291	\$246,682
Under(over) Recovery	\$73,786	\$154,778	\$147,011	\$209,836	\$419,854	\$626,581	\$892,536	\$1,067,951	\$705,043	\$636,411	\$315,504	\$224,391

Distribution Adjustment Charge Reconciliation Factor

Revised Attachment PCC-7
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Non-Base Rate / Fiscal Year Reconciling Components

DAC FACTORS, \$/dth	Source	12-mth end											
		Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04
		(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(forecast)	(forecast)	(forecast)
pro-rated													
Dkt 3548		\$0.0411	\$0.0496	\$0.0496	\$0.0496	\$0.0496	\$0.0496	\$0.0496	\$0.0496	\$0.0496	\$0.0496	\$0.0496	\$0.0496
System Pressure			\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000	\$0.0000
DSM - DAC			\$0.0189	\$0.0189	\$0.0189	\$0.0189	\$0.0189	\$0.0189	\$0.0189	\$0.0189	\$0.0189	\$0.0189	\$0.0189
Environmental - DAC			\$0.0127	\$0.0127	\$0.0127	\$0.0127	\$0.0127	\$0.0127	\$0.0127	\$0.0127	\$0.0127	\$0.0127	\$0.0127
On-System Margin Credits			\$0.0617	\$0.1233	\$0.1233	\$0.1233	\$0.1233	\$0.1233	\$0.1233	\$0.1233	\$0.1233	\$0.1233	\$0.1233
Weather Normalization			\$0.0747	\$0.1494	\$0.1494	\$0.1494	\$0.1494	\$0.1494	\$0.1494	\$0.1494	\$0.1494	\$0.1494	\$0.1494
Earnings Sharing Mechanism			\$0.0057	\$0.0114	\$0.0114	\$0.0114	\$0.0114	\$0.0114	\$0.0114	\$0.0114	\$0.0114	\$0.0114	\$0.0114
Reconciliation Factor													
RI Firm through-put (dth)	Classified's	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787
													36,878,563

System Pressure Recon Adjust.

System Pressure Acct Beg. Balance													
Actual Costs		\$129,319	\$132,218	\$27,775	\$824,435	\$627,725	\$498,517	\$384,218	\$371,021	\$395,656	\$439,104	\$482,817	\$522,794
Actual Collections		\$110,890	\$97,528	\$1,087,083	\$144,413	\$105,448	\$87,948	\$91,496	\$94,485	\$97,233	\$97,748	\$97,378	\$99,274
Ending Balance		\$108,205	\$202,107	\$291,147	\$342,276	\$235,611	\$202,972	\$105,334	\$70,558	\$54,642	\$55,012	\$58,433	\$60,341
Average Monthly Balance		\$132,004	\$27,840	\$823,712	\$626,572	\$497,561	\$383,493	\$370,380	\$394,948	\$438,247	\$481,839	\$521,762	\$541,727
Fleet Prime Rate less 200 Basis Points		\$130,661	\$79,929	\$425,743	\$725,503	\$562,643	\$441,005	\$377,299	\$382,985	\$416,952	\$460,472	\$502,290	\$532,261
Interest Applied		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.42%	2.50%	2.50%	2.50%
Sys Pressure End Balance		\$215	\$136	\$723	\$1,153	\$956	\$725	\$641	\$708	\$857	\$978	\$1,032	\$1,130
Under/(over) Recovery		\$132,218	\$27,775	\$824,435	\$627,725	\$498,517	\$384,218	\$371,021	\$395,656	\$439,104	\$482,817	\$522,794	\$542,857
		\$2,900	\$104,443	\$796,659	\$196,710	\$129,208	\$114,299	\$13,197	\$24,635	\$43,448	\$43,713	\$39,977	\$20,063

Environmental Recon. Adjust - DAC

On-system Credit Acct Beg. Balance	Pricing												
Actual Firm Thru-put	Classified's	\$680,242	\$634,155	\$558,154	\$448,067	\$318,251	\$228,937	\$151,907	\$111,994	\$85,290	\$64,622	\$43,775	\$21,576
Actual On-system Collections	Calculation	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787
Ending On-system Balance		\$27,150	\$77,012	\$110,941	\$130,424	\$99,779	\$77,342	\$40,138	\$26,866	\$20,821	\$20,962	\$22,266	\$30,614
Average Monthly Balance		\$633,092	\$557,143	\$447,213	\$317,643	\$228,472	\$151,595	\$111,770	\$85,108	\$64,469	\$43,660	\$21,509	\$9,038
Fleet Prime Rate less 200 Basis Points		\$646,667	\$595,649	\$502,684	\$382,855	\$273,362	\$190,266	\$131,839	\$98,551	\$74,879	\$54,141	\$32,642	\$6,269
Interest Applied		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.42%	2.50%	2.50%	2.50%
On-system Credit End Balance		\$1,063	\$1,012	\$854	\$608	\$464	\$313	\$224	\$182	\$154	\$115	\$67	\$13
Under/(over) Recovery		\$634,155	\$558,154	\$448,067	\$318,251	\$228,937	\$151,907	\$111,994	\$85,290	\$64,622	\$43,775	\$21,576	\$9,024
		\$26,087	\$76,001	\$110,087	\$129,816	\$89,315	\$77,029	\$39,914	\$26,704	\$20,667	\$20,847	\$22,199	\$30,601

On-system Credits Recon. Adjust. - DAC

On-system Credit Acct Beg. Balance	Pricing												
Actual Firm Thru-put	Classified's	\$444,274	\$428,252	\$377,187	\$303,216	\$215,989	\$155,977	\$104,220	\$77,404	\$59,464	\$45,473	\$31,387	\$16,425
Actual On-system Collections	Calculation	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787
Ending On-system Balance		\$16,738	\$51,749	\$74,548	\$87,639	\$60,328	\$51,971	\$26,971	\$18,066	\$13,991	\$14,066	\$14,962	\$20,571
Average Monthly Balance		\$427,536	\$376,503	\$302,639	\$215,577	\$155,661	\$104,006	\$77,249	\$59,337	\$45,473	\$31,387	\$16,425	\$4,146
		\$435,905	\$402,378	\$339,913	\$259,397	\$185,825	\$129,992	\$90,735	\$68,370	\$52,468	\$38,430	\$23,906	\$6,140

Distribution Adjustment Charge Reconciliation Factor

Revised Attachment PCC-7
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September 3, 2004
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Non-Base Rate / Fiscal Year Reconciling Components

source	Non-Base Rate / Fiscal Year Reconciling Components												12-mth end Oct 04
	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04	Jul-04	Aug-04	Sep-04	Oct-04	
	30	31	31	29	31	30	31	30	31	31	30	31	
	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(actual)	(forecast)	(forecast)	(forecast)	
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	0.00%	0.00%	0.00%	0.00%	
Interest Applied	(\$717)	(\$683)	(\$577)	(\$412)	(\$316)	(\$214)	(\$154)	(\$126)	\$0	\$0	\$0	\$0	
On-system Credit End Balance	(\$428,252)	(\$377,187)	(\$303,216)	(\$215,989)	(\$155,977)	(\$104,220)	(\$77,404)	(\$59,464)	(\$45,473)	(\$31,387)	(\$16,425)	\$4,146	(\$3,200)
Under/(over) Recovery	\$16,022	\$51,066	\$73,970	\$87,227	\$60,012	\$51,757	\$26,817	\$17,940	\$13,991	\$14,086	\$14,962	\$20,571	
Weather Normalization - DAC													
WNA Acct Beg. Balance													
Actual Firm Thru-put	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
Actual WNA Collections	(\$162,505)	(\$502,414)	(\$723,759)	(\$950,861)	(\$585,702)	(\$504,585)	(\$281,850)	(\$175,400)	(\$135,834)	(\$136,754)	(\$145,258)	(\$199,720)	(\$4,384,622)
Ending WNA Balance	(\$4,139,495)	(\$3,644,019)	(\$2,926,876)	(\$2,081,602)	(\$1,489,884)	(\$998,363)	(\$738,570)	(\$564,647)	(\$430,019)	(\$293,265)	(\$148,007)	\$51,713	
Average Monthly Balance	(\$4,220,747)	(\$3,895,226)	(\$3,288,756)	(\$2,507,032)	(\$1,792,735)	(\$1,250,646)	(\$869,495)	(\$652,347)	(\$497,936)	(\$361,642)	(\$220,636)	(\$48,147)	
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	0.00%	0.00%	0.00%	0.00%	
Interest Applied	(\$6,938)	(\$6,617)	(\$5,586)	(\$3,984)	(\$3,045)	(\$2,056)	(\$1,477)	(\$1,206)	\$0	\$0	\$0	\$0	(\$30,909)
Weather Normalization End Balance	(\$4,146,433)	(\$3,650,636)	(\$2,932,463)	(\$2,085,586)	(\$1,502,929)	(\$1,000,419)	(\$740,047)	(\$565,853)	(\$430,019)	(\$293,265)	(\$148,007)	\$51,713	
Under/(over) Recovery	\$155,567	\$495,798	\$718,173	\$846,877	\$582,657	\$502,510	\$260,373	\$174,194	\$135,834	\$136,754	\$145,258	\$199,720	
Earnings Sharings Mechanism - DAC													
ESM Acct Beg. Balance													
Actual Firm Thru-put	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
Actual ESM Collections	(\$196,904)	(\$508,765)	(\$876,964)	(\$1,030,970)	(\$709,683)	(\$611,371)	(\$317,278)	(\$212,529)	(\$164,587)	(\$165,702)	(\$176,006)	(\$241,996)	(\$5,312,754)
Ending ESM Balance	(\$5,015,096)	(\$4,414,737)	(\$3,545,789)	(\$2,521,588)	(\$1,816,731)	(\$1,209,048)	(\$894,261)	(\$693,520)	(\$520,394)	(\$355,844)	(\$180,678)	\$60,823	
Average Monthly Balance	(\$5,113,548)	(\$4,719,120)	(\$3,984,271)	(\$3,037,072)	(\$2,171,572)	(\$1,514,734)	(\$1,052,899)	(\$789,785)	(\$602,687)	(\$438,695)	(\$268,679)	(\$60,175)	
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	
Interest Applied	(\$8,406)	(\$8,016)	(\$6,768)	(\$4,826)	(\$3,689)	(\$2,490)	(\$1,788)	(\$1,461)	(\$1,152)	(\$838)	(\$497)	(\$115)	(\$40,045)
Earnings Sharing End Balance	(\$5,023,502)	(\$4,422,753)	(\$3,552,557)	(\$2,526,414)	(\$1,820,419)	(\$1,211,538)	(\$896,049)	(\$684,981)	(\$521,546)	(\$356,682)	(\$181,173)	\$60,708	
Under/(over) Recovery	\$188,498	\$600,749	\$870,196	\$1,026,144	\$705,994	\$608,881	\$315,489	\$211,068	\$163,435	\$164,864	\$175,509	\$241,881	
Reconciliation Factor - DAC													
Recon Factor Acct Beg. Balance													
Actual Firm Thru-put	2,635,929	4,074,730	5,869,906	6,900,734	4,750,219	4,092,177	2,123,678	1,422,548	1,101,653	1,109,117	1,178,084	1,619,787	36,878,563
Actual Recon Collections	\$15,025	\$46,452	\$66,917	\$78,668	\$54,153	\$46,651	\$24,210	\$16,217	\$12,559	\$12,644	\$13,430	\$18,466	\$405,391
Ending Recon Balance	\$384,408	\$338,601	\$272,298	\$194,149	\$140,368	\$94,001	\$69,984	\$53,907	\$41,462	\$28,910	\$15,547	(\$2,877)	
Average Monthly Balance	\$391,921	\$361,826	\$305,757	\$233,483	\$167,444	\$117,327	\$82,089	\$62,015	\$47,742	\$35,232	\$22,262	\$6,355	
Fleet Prime Rate less 200 Basis Points	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.25%	2.25%	2.25%	2.25%	2.25%	
Interest Applied	\$644	\$615	\$519	\$371	\$284	\$193	\$139	\$115	\$91	\$67	\$41	\$12	\$3,093
Earnings Sharing End Balance	\$385,052	\$339,215	\$272,818	\$194,520	\$140,652	\$94,194	\$70,124	\$54,021	\$41,554	\$28,977	\$15,588	(\$2,865)	
Under/(over) Recovery	(\$14,381)	(\$45,837)	(\$66,398)	(\$78,297)	(\$53,868)	(\$46,458)	(\$24,070)	(\$16,102)	(\$12,468)	(\$12,577)	(\$13,389)	(\$18,453)	

Fiscal Year 2004 Earnings Sharing Calculation

Line No.		Reference	Calculation
1	FY04 Earnings Credited to DAC	RJR - Attachment 1	\$314,125
2	FY03 Incremental Earnings Credited to DAC	RJR - Attachment 3	\$76,420
3	Total Earnings Credited to DAC	(1) + (2)	\$390,545
4	Firm Thru-put	Docket 3436	35,569,425 dth
5	Earnings Sharing Factor	(3) / (4)	\$0.0110 per dth
6	Earnings Sharing Factor	(5) / 10	\$0.0011 per therm

ANNUAL REPORT OF NATURAL GAS COMPANIES

(Class A and Class B)

OF

New England Gas Company, A Division of Southern Union Company

(Exact legal name of respondent)

If name was changed during year, show also the previous name and date of change.

100 Weybosset Street, Providence, RI 02903

(Address of principal business office at end of year)

TO THE
PUBLIC SERVICE COMMISSION
OF THE
STATE OF RHODE ISLAND
FOR THE
Year Ended June 30, 2004

Name, title, address and telephone number (including area code), of the person to be contacted concerning this report:

INSTRUCTIONS FOR FILING THE
FERC FORM NO. 2

GENERAL INFORMATION

I. Purpose

This form is designed to collect financial and operational information from major interstate natural gas companies subject to the jurisdiction of the Federal Energy Regulatory Commission. This report is a nonconfidential public use form.

II. Who Must Submit

Each Major natural gas company which meets the filing requirements of 18 CFR 260.1 must submit this form.

NOTE: Major means having combined gas transported or stored for a fee exceeding 50 million Dth in each of the 3 previous calendar years.

III. What and Where to Submit

- (a) Submit the electronic medium in accordance with the procedures specified in 18 CFR 385.2011 and an original and four (4) copies of this form to:

Office of the Secretary
Federal Energy Regulatory Commission
Washington, DC 20426

Retain one copy of this report for your files.

- (b) Submit immediately upon publication, four (4) copies of the latest annual report to stockholders and *any annual* financial or statistical report regularly prepared and distributed to bondholders, security analysts, or industry associations. (Do not include monthly and quarterly reports. Indicate by checking the appropriate box on Page 3, List of Schedules, if the reports to stockholders will be submitted or if no annual report to stockholders is prepared.) Mail these reports to:

Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426

- (c) For the CPA certification, submit with the original submission of this form, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984) prepared in conformity with current standards of reporting which will:

- (i) contain a paragraph attesting to the conformity, in all material respects, of the schedules listed below with the Commission's applicable Uniform System of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and

GENERAL INFORMATION

- (ii) be signed by independent certified public accountants or independent licensed public accountants, certified or licensed by a regulatory authority of a State or other political subdivision of the United States (See 18 CFR 158.10-158.12 for specific qualifications.)

<u>Schedules</u>	<u>Reference Pages</u>
Comparative Balance Sheet	110-113
Statement of Income	114-116
Statement of Retained Earnings	118-119
Statement of Cash Flows	120-121
Notes to Financial Statements	122

Insert the letter or report immediately following the cover sheet of the original and each copy of this form.

- (d) Federal, State and Local Governments and other authorized users may obtain additional blank copies to meet their requirement free of charge from:

Public Reference and Files Maintenance Branch
Washington, DC 20426
(202) 208-2356

IV. When to Submit:

Submit this report form on or before April 30th of the year following the year covered by this report.

V. Where to Send Comments on Public Reporting Burden.

The public reporting burden for this collection of information is estimated to average 2,475 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, Washington, DC 20426 (Attention: Michael Miller, ED-12.4); and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

You shall not be penalized for failure to respond to this collection of information unless the collection of information displays a valid OMB control number.

GENERAL INSTRUCTIONS

- I. Prepare this report in conformity with the Uniform System of Accounts (18 CFR 201) (U.S. of A.). Interpret all accounting words and phrases in accordance with the U.S. of A.
- II. Enter in whole numbers (dollars or Dth) only, except where otherwise noted. (Enter cents for averages and figures per unit where cents are important.) The truncating of cents is allowed except on the four basic financial statements where rounding to dollars is required. The amounts shown on all supporting pages must agree with the amounts entered on the statements that they support. When applying thresholds to determine significance for reporting purposes, use for balance sheet accounts the balances at the end of the current reporting year, and use the current year amounts for income accounts.
- III. Complete each question fully and accurately, even if it has been answered in a previous annual report. Enter the word "None" where it truly and completely states the fact.
- IV. For any page(s) that is not applicable to the respondent, either
 - (a). Enter the words "Not Applicable" on the particular page(s), or
 - (b). Omit the page(s) and enter "NA", "NONE", or "Not Applicable" in column (d) on the List of Schedules, pages 2 and 3.
- V. Enter the month, day, and year for all dates. Use customary abbreviations. The "Date of Report" at the top of each page is applicable only to resubmissions (see VII. below).
- VI. Indicate negative amounts (such as decreases) by enclosing the figures in parenthesis ().
- VII. When making revisions, resubmit the electronic medium and only those pages that have been changed from the original submission. Submit the same number of copies as required for filing the form. Include with the resubmission the Identification and Attestation, page 1. Mail dated resubmissions to:
Chief Accountant
Federal Energy Regulatory Commission
Washington, DC 20426
- VIII. Provide a supplemental statement further explaining accounts or pages as necessary. Attach the supplemental statement (8 1/2 by 11 inch size) to the page being supplemented. Provide the appropriate identification information, including the title(s) of the page and the page number supplemented.
- IX. Do not make references to reports of previous years or to other reports in lieu of required entries, except as specifically authorized.
- X. Wherever (schedule) pages refer to figures from a previous year, the figures reported must be based upon those shown by the annual report of the previous year, or an appropriate explanation given as to why the different figures were used.
- XI. Report all gas volumes in MMBtu and Dth.
- XII. Respondents may submit computer printed schedules (reduced to 8 1/2 by 11) instead of the schedules in the FERC Form 2 if they are in substantially the same format.
- XIII. Report footnotes on pages 551 and 552. Sort data on page 551 by page number. Sort data on page 552 by footnote number. The page number component of the footnote reference is the first page of a schedule whether it is a single page schedule or a multi-page schedule. Even if a footnote appears on a later page of a multi-page schedule the footnote will only reference the first page of the schedule. The first page of a multi-page schedule now becomes a proxy for the entire schedule. For example, Gas Plant in Service ranges across pages 204 through 209. A footnote on page 207 would contain a page reference of 204.

DEFINITIONS

- I. Btu per cubic foot -- The total heating value, expressed in Btu, produced by the combustion, at constant pressure, of the amount of the gas which would occupy a volume of 1 cubic foot at a temperature of 60F if saturated with water vapor and under a pressure equivalent to that of 30 inches of mercury at 32F, and under standard gravitational force (980.665 cm. per sec.) with air of the same temperature and pressure as the gas, when the products of combustion are cooled to the initial temperature of gas and air when the water formed by combustion is condensed to the liquid state (called the gross heating value or total heating value).
- II. Commission Authorization -- The authorization of the Federal Energy Regulatory Commission, or any other Commission. Name the commission whose authorization was obtained and give date of the authorization.
- III. Dekatherm -- A unit of heating value equivalent to 10 therms or 1,000,000 Btu.
- IV. Respondent -- The person, corporation, licensee, agency, authority, or other legal entity or instrumentality on whose behalf the report is made.

EXERPTS FROM THE LAW

(Natural Gas Act; 15 U.S.C. 717-717w)

"Sec 10(a). Every natural gas company shall file with the Commission such annual and other periodic or special reports as the Commission may by rules and regulations or order prescribe as necessary or appropriate to assist the Commission in the proper administration of this act. The Commission may prescribe the manner and form in which such reports shall be made and require from such natural-gas companies specific answers to all questions upon which the Commission may need information. The Commission may require that such reports shall include, among other things, full information as to assets and liabilities, capitalization, investment and reduction thereof, gross receipts, interest due and paid, depreciation, amortization, and other reserves, costs of facilities, cost of maintenance and operation of facilities for the production, transportation, delivery, use, or sale of natural gas, cost of renewal and replacement of such facilities, transportation, delivery, use, and sale of natural gas...."

"Sec. 16. The Commission shall have power to perform any and all acts, and to prescribe, issue, make, amend, and rescind such orders, rules, and regulations as it may find necessary and appropriate to carry out the provisions of this act. Among other things, such rules and regulations may define accounting, technical, and trade terms used in this act; and may prescribe the form or forms of all statements declarations, applications, and reports to be filed with the Commission, the information which they shall contain, and time within which they shall be filed...."

GENERAL PENALTIES

"Sec. 21(b). Any person who willfully and knowingly violates any rule, regulation, restriction, condition, or order made or imposed by the Commission under authority of this act, shall, in addition to any other penalties provided by law, be punished upon conviction thereof by a fine of not exceeding \$500 for each and every day during which such offense occurs."

**FERC FORM NO. 2:
ANNUAL REPORT OF MAJOR NATURAL GAS COMPANIES**

IDENTIFICATION		
01 Exact Legal Name of Respondent New England Gas Company, A Division of Southern Union Company, RI Location	02 Year of Report June 30, 2004	
03 Previous Name and Date of Change (If name changed during year) N/A		
04 Address of Principal Office at End of Year (Street, City, State, Zip Code) 100 Weybosset Street Providence, RI 02903		
05 Name of Contact Person Sharon Partridge	06 Title of Contact Person Vice President, Finance	
07 Address of Contact Person (Street, City, State, Zip Code) 100 Weybosset Street Providence, RI 02903		
08 Telephone of Contact Person, Including Area Code (401) 574-2015	09 This Report Is <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 30-Jun-04
ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.		
11 Name Sharon Partridge	12 Title Vice President, Finance	
13 Signature	14 Date Signed September 1, 2004	
Title 18, U.S.C. 1001, makes it a crime for any person knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.		

Name of Respondent New England Gas Company, A Division of Southern Company	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year of Report June 30, 2004
Rhode Island Location			

LIST OF SCHEDULES (Natural Gas Company)

Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."

Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)
GENERAL CORPORATE INFORMATION AND FINANCIAL STATEMENTS				
1	General Information	101		
2	Control Over Respondent	102		
3	Corporations Controlled by Respondent	103		
4	Security Holders and Voting Powers	107		
5	Important Changes During the Year	108		
6	Comparative Balance Sheet	110-113		
7	Statement of Income for the Year	114-116		
8	Statement of Retained Earnings for the Year	118-119		
9	Statements of Cash Flows	120-121		
10	Notes to Financial Statements	122		
BALANCE SHEET SUPPORTING SCHEDULES (Assets and Other Debits)				
11	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization, and Depletion	200-201		
12	Gas Plant in Service	204-209		
13	Gas Property and Capacity Leased from Others	212		
14	Gas Property and Capacity Leased to Others	213		
15	Gas Plant Held for Future Use	214		
16	Construction Work in Progress -- Gas	216		
17	General Description of Construction Overhead Procedure	218		
18	Accumulated Provision for Depreciation of Gas Utility Plant	219		
19	Gas Stored	220		
20	Investments	222-223		
21	Investments in Subsidiary Companies	224-225		
22	Prepayments	230		
23	Extraordinary Property Losses	230		
24	Unrecovered Plant and Regulatory Study Costs	230		
25	Other Regulatory Assets	232		
26	Miscellaneous Deferred Debits	233		
27	Accumulated Deferred Income Taxes	234-235		
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits)				
28	Capital Stock	250-251		
29	Capital Stock Subscribed, Capital Stock Liability for Conversion Premium on Capital Stock, and Installments Received on Capital Stock	252		
30	Other Paid-in Capital	253		
31	Discount on Capital Stock	254		
32	Capital Stock Expense	254		
33	Securities issued or Assumed and Securities Refunded or Retired During the Year	255		
34	Long-Term Debt	256-257		
35	Unamortized Debt Expense, Premium, and Discount on Long-Term Debt	258-259		
36	Unamortized Loss and Gain on Required Debt	260		
37	Reconciliation of Reported Net Income with Taxable Income for Federal Income Taxes	261		

Name of Respondent New England Gas Company, A Division of Southern New England Gas Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004	Year of Report June 30, 2004
Rhode Island Location					
LIST OF SCHEDULES (Natural Gas Company) (Continued)					
Enter in column (d) the terms "none," "not applicable," or "NA," as appropriate, where no information or amounts have been reported for certain pages. Omit pages where the responses are "none," "not applicable," or "NA."					
Line No.	Title of Schedule (a)	Reference Page No. (b)	Date Revised (c)	Remarks (d)	
BALANCE SHEET SUPPORTING SCHEDULES (Liabilities and Other Credits) (Continued)					
38	Taxes Accrued, Prepaid and Charged During the Year	262-263			
39	Miscellaneous Current and Accrued Liabilities	268			
40	Other Deferred Credits	269			
41	Accumulated Deferred Income Taxes-Other Property	274-275			
42	Accumulated Deferred Income Taxes-Other	276-277			
43	Other Regulatory Liabilities	278			
INCOME ACCOUNT SUPPORTING SCHEDULES					
44	Gas Operating Revenues	300-301			
45	Revenue from Transportation of Gas of Others Through Gathering Facilities	302-303			
46	Revenue from Transportation of Gas of Others Through Transmission Facilities	304-305			
47	Revenue from Storage Gas of Others	306-307			
48	Other Gas Revenues	308			
49	Gas Operation and Maintenance Expenses	317-325			
50	Exchange and Imbalance Transactions	328			
51	Gas Used in utility Operations	331			
52	Transmission and Compression of Gas by Others	332			
53	Other Gas Supply Expenses	334			
54	Miscellaneous General Expenses-Gas	335			
55	Depreciation, Depletion, and Amortization of Gas Plant	336-338			
56	Particulars Concerning Certain Income Deduction and Interest Charges Accounts	340			
COMMON SECTION					
57	Regulatory Commission Expenses	350-351			
58	Distribution of Salaries and Wages	354-355			
59	Charges for Outside Professional and Other Consultative Services	357			
GAS PLANT STATISTICAL DATA					
60	Compressor Stations	508-509			
61	Gas Storage Projects	512-513			
62	Transmission Lines	514			
63	Transmission System Peak Deliveries	518			
64	Auxiliary Peaking Facilities	519			
65	Gas Account-Natural Gas	520			
66	System Map	522			
67	Footnote Reference	551			
68	Footnote Text	552			
69	Stockholders' Reports (check appropriate box)	-			
70	<input checked="" type="checkbox"/> Four copies will be submitted.				
71	<input type="checkbox"/> No annual report to stock holders is prepared.				

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Name of Respondent New England Gas Company, A Division of Southern	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report June 30, 2004
Rhode Island Location			
GENERAL INFORMATION			
<p>1. Provide name and title of officer having custody of the general corporate books of account and address of office where the general corporate books are kept and address of office where any other corporate books of account are kept, if different from that where the general corporate books are kept.</p> <p>Sharon Partridge, Vice President, Finance 100 Weybosset Street Providence, RI 02903</p>			
<p>2. Provide the name of the State under the laws of which respondent is incorporated and date of incorporation. If incorporated under a special law, give reference to such law. If not incorporated, state that fact and give the type of organization and the date organized.</p> <p>On September 20 & 28, 2000, the Valley Gas Company and Providence Gas Company, respectfully, merged with and into Southern Union Company whose date of incorporation is December 13, 1932. Southern Union Company is incorporated in the State of Delaware.</p>			
<p>3. If at any time during the year the property of respondent was held by a receiver or trustee, give (a) name of receiver or trustee, (b) date such receiver or trustee took possession, (c) the authority by which the receivership or trusteeship was created, and (d) date when possession by receiver or trustee ceased.</p> <p>N/A</p>			
<p>4. State the classes of utility and other services furnished by respondent during the year in each State in which the respondent operated.</p> <p>State of Rhode Island: Natural Gas</p>			
<p>5. Have you engaged as the principal accountant to audit your financial statements as an accountant who is not the principal accountant for your previous year's certified financial statements?</p> <p>(1) ____ Yes...Enter the date when such independent accountant was initially engaged:_____.</p> <p>(2) <input checked="" type="checkbox"/> No</p>			

Name of Respondent New England Gas Company, A Division of Southern	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year of Report June 30, 2004
Rhode Island Location			

CORPORATIONS CONTROLLED BY RESPONDENT

1. Report below the names of all corporations, business trusts, and similar organizations, controlled directly or indirectly by respondent at any time during the year. If control ceased prior to end of year, give particulars (details) in a footnote.

2. If control was by other means than a direct holding of voting rights, state in a footnote the manner in which control was held, naming any intermediaries involved.

3. If control was held jointly with one or more other interests, state the fact in a footnote and name the other interests.

4. In column (b) designate type of control of the respondent as "D" for direct, an "I" for indirect, or a "J" for joint control.

DEFINITIONS

1. See the Uniform System of Accounts for a definition of control.

2. Direct control is that which is exercised without interposition of an intermediary.

3. Indirect control is that which is exercised by the interposition of an intermediary that exercises direct control.

4. Joint control is that in which neither interest can effectively control or direct action without the consent of the other, as where the voting control is equally divided between two holders, or each party holds a veto power over the other. Joint control may exist by mutual agreement or understanding between two or more parties who together have control within the meaning of the definition of control in the Uniform System of Accounts, regardless of the relative voting rights of each party.

Line No.	Name of Company Controlled (a)	Type of Control (b)	Kind of Business (c)	Percent Voting Stock Owned (d)	Footnote Ref. (e)
1	Southern Union Company	D	Natural Gas Distributor - Division	N/A	
2					
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Name of Respondent New England Gas Company, A Division of South		This Report Is: <input checked="" type="checkbox"/> An Original		Date of Report (Mo, Da, Yr)		Year of Report June 30, 2004	
Rhode Island Location		<input type="checkbox"/> A Resubmission					
SECURITY HOLDERS AND VOTING POWERS							
<p>1. Give the names and addresses of the 10 security holders of the respondent who, at the date of the latest closing of the stock book or compilation of list of stockholders of the respondent, prior to the end of the year, had the highest voting powers in the respondent, and state the number of votes that each could cast on that date if a meeting were held. If any such holder held in trust, give in a footnote the known particulars of the trust (whether voting trust, etc.), duration of the trust, and principal holders of beneficiary interests in the trust. If the company did not close the stock book or did not compile a list of stockholders within one year prior to the end of the year, or if since it compiled the previous list of stockholders, some other class of security has become vested with voting rights, then show such 10 security holders as of the close of the year. Arrange the names of the security holders in the order of voting power, commencing with the highest. Show in column (a) the titles of officers and directors included in such list of 10 security holders.</p> <p>2. If any security other than stock carries voting rights, explain in a supplemental statement how such security became vested with voting</p>				<p>rights and give other important details concerning the voting rights of such security. State whether voting rights are actual or contingent; if contingent, describe the contingency.</p> <p>3. If any class or issue of security has any special privileges in the election of directors, trustees, or managers, or in the determination of corporate action by any method, explain briefly in a footnote.</p> <p>4. Furnish details concerning any options, warrants, or rights outstanding at the end of the year for others to purchase securities of the respondent or any securities or other assets owned by the respondent, including prices, expiration dates, and other material information relating to exercise of the options, warrants, or rights. Specify the amount of such securities or assets any officer, director, associated company, or any of the 10 largest security holders is entitled to purchase. This instruction is inapplicable to convertible securities or to any securities substantially all of which are outstanding in the hands of the general public where the options, warrants, or rights were issued on a prorata basis.</p>			
<p>1. Give date of the latest closing of the stock book prior to end of year, and, in a footnote, state the purpose of such closing:</p> <p>Stock book not closed</p>		<p>2. State the total number of votes cast at the latest general meeting prior to the end of year for election of directors of the respondent and number of such votes cast by proxy.</p> <p>Total:</p> <p>By proxy:</p>			<p>3. Give the date and place of such meeting:</p> <p>November 5, 2002 New York, New York</p>		
VOTING SECURITIES							
		4. Number of votes as of (date): November 14, 2001					
Line No.	Name (Title) and Address of Security Holder (a)	Total Votes (b)	Common Stock (c)	Preferred Stock (d)	Other (e)		
5	TOTAL votes of all voting securities	N/A		-	-		
6	TOTAL number of securities holders			-	-		
7	TOTAL votes of security holders listed below			-	-		
8				-	-		
9							
10							
11				-	-		
12							
13							
14				-	-		
15							
16							
17				-	-		
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19							
20				-	-		
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24							
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Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year of Report June 30, 2004
Rhode Island Location				
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	UTILITY PLANT			
2	Utility Plant (101-106,114)	200-201	793,520,490	779,097,882
3	Construction Work in Progress (107)	200-201	5,850,652	5,167,481
4	TOTAL Utility Plant (Total of Lines 2 and 3)	200-201	799,371,142	784,265,363
5	(Less) Accum. Provision for Depr., Amort., Depl. (108, 111, 115)		(223,755,018)	(207,711,856)
6	Net Utility Plant (Total of line 4 less 5)		575,616,124	576,553,507
7	Nuclear Fuel (120.1 thru 120.4, and 120.6)			
8	(Less) Accum. Provision for Amort., of Nuclear Fuel Assemblies (120.5)			
9	Nuclear Fuel (Total of line 7 less 8)		-	-
10	Net Utility Plant (Total of Lines 6 and 9)		575,616,124	576,553,507
11	Utility Plant Adjustments (116)	122		
12	Gas Stored - Base Gas (117.1)	220		
13	System Balancing Gas (117.2)	220		
14	Gas Stored in Reservoirs and Pipelines - Noncurrent (117.3)	220		
15	Gas Owned to System Gas (117.4)	220		
16	OTHER PROPERTY AND INVESTMENTS			
17	Nonutility Property (121)			
18	(Less) Accum. Provision for Depreciation and Amortization (122)			
19	Investments in Associated Companies (123)	222-223	117	117
20	Investments in Subsidiary Companies (123.1)	224-225		
21	(For Cost of Account 123.1 See Footnote Page 224, line 40)			
22	Noncurrent Portion of Allowances			
23	Other Investments (124)	222-223	411,634	620,407
24	Special Funds (125 thru 128)			
25	TOTAL Other Property and Investments (Total of lines 17-20, 22-24)		411,751	620,524
26	CURRENT AND ACCRUED ASSETS			
27	Cash (131)		383,150	2,769,839
28	Special Deposits (132-134)			
29	Working Funds (135)		8,724	21,530
30	Temporary Cash Investments (136)	222-223		
31	Notes Receivable (141)		(19,547)	3,724
32	Customer Accounts Receivable (142)		51,468,852	56,593,154
33	Other Accounts Receivable (143)		685,785	587,025
34	(Less) Accum. Provision for Uncollectible Accounts - Credit (144)		(5,301,934)	(7,898,526)
35	Notes Receivable from Associated Companies (145)			
36	Accounts Receivable from Associated Companies (146)		209,209,747	151,489,984
37	Fuel Stock (151)		372,644	7,241
38	Fuel Stock Expenses Undistributed (152)			
39	Residuals (Elec) and Extracted Products (Gas) (153)			
40	Plant Materials and Operating Supplies (154)		1,482,021	1,430,729
41	Merchandise (155)			
42	Other Materials and Supplies (156)			
43	Nuclear Materials Held for Sale (157)			

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year of Report June 30, 2004
Rhode Island Location				
COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (Continued)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
44	Allowances (158.1 and 158.2)			
45	(Less) Noncurrent Portion of Allowances			
46	Stores Expense Undistributed (163)			
47	Gas Stored Underground - Current (164.1)	220	12,189,350	11,421,871
48	Liquefied Natural Gas Stored and Held for Processing (164.2 thru 164.3)	220	4,542,432	3,781,602
49	Prepayments (165)	230	33,644,071	34,202,971
50	Advances for Gas (166 thru 167)			
51	Interest and Dividends Receivable (171)			
52	Rents Receivable (172)			
53	Accrued Utility Revenues (173)			
54	Miscellaneous Current and Accrued Assets (174)			
55	TOTAL Current and Accrued Assets (Total of lines 27 thru 54)		308,665,295	254,411,144
56	DEFERRED DEBITS			
57	Unamortized Debt Expense (181)			
58	Extraordinary Property Losses (182.1)	230		
59	Unrecovered Plant and Regulatory Study Costs (182.2)	230		
60	Other Regulatory Assets (182.3)	232	12,515,587	13,529,177
61	Preliminary Survey and Investigation Charges (Electric) (183)			
62	Preliminary Survey and Investigation Charges (Gas) (183.1, 183.2)			
63	Clearing Accounts (184)			
64	Temporary Facilities (185)			
65	Miscellaneous Deferred Debits (186)	233	5,920,104	8,082,615
66	Deferred Losses from Disposition of Utility Plant (187)			
67	Research, Development, and Demonstration Expend. (188)			
68	Unamortized Loss on Reaquired Debt (189)			
69	Accumulated Deferred Income Taxes (190)	234-235		
70	Unrecovered Purchase Gas Costs (191)			
71	TOTAL Deferred Debits (Total of lines 57 thru 70)		18,435,691	21,611,792
72	TOTAL Assets and Other Debits (Total of lines 10-15,25,55,and 71)		903,128,861	853,196,967

Name of Respondent New England Gas Company, A Division of Southern Union	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report June 30, 2004
Rhode Island Location			

COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251		
3	Preferred Stock Issued (204)	250-251		
4	Capital Stock Subscribed (202, 205)	252		
5	Stock Liability for Conversion (203, 206)	252		
6	Premium on Capital Stock (207)	252		
7	Other Paid-In Capital (208-211)	253		
8	Installments Received on Capital Stock (212)	252		
9	(Less) Discount on Capital Stock (213)	254		
10	(Less) Capital Stock Expense (214)	254		
11	Retained Earnings (215, 215.1, 216)	118-119	263,344,332	228,627,059
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119		
13	(Less) Reacquired Capital Stock (217)	250-251		
14	TOTAL Proprietary Capital (Total of lines 2 thru 13)		263,344,332	228,627,059
15	LONG TERM DEBT			
16	Bonds (221)	256-257		
17	(Less) Reacquired Bonds (222)	256-257		
18	Advances from Associated Companies (223)	256-257		
19	Other Long-Term Debt (224)	256-257		
20	Unamortized Premium on Long-Term Debt (225)	258-259		
21	(Less) Unamortized Discount on Long-Term Debt-Dr. (226)	258-259		
22	(Less) Current Portion of Long-Term Debt			
23	TOTAL Long-Term Debt (Total of lines 16 thru 22)		-	-
24	OTHER NONCURRENT LIABILITIES			
25	Obligations Under Capital Leases - Noncurrent (227)		246,719	341,824
26	Accumulated Provision for Property Insurance (228.1)			
27	Accumulated Provision for Injuries and Damages (228.2)			
28	Accumulated Provision for Pensions and Benefits (228.3)			
29	Accumulated Miscellaneous Operating Provisions (228.4)			
30	Accumulated Provision for Rate Refunds (229)			
31	TOTAL Other Noncurrent Liabilities (Total of lines 25 thru 30)		246,719	341,824

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report June 30, 2004
Rhode Island Location				
COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)(Continued)				
Line No.	Title of Account (a)	Reference Page Number (b)	Balance at End of Current Year (in dollars) (c)	Balance at End of Previous Year (in dollars) (d)
32	CURRENT AND ACCRUED LIABILITIES			
33	Current Portion of Long-Term Debt			
34	Notes Payable (231)			
35	Accounts Payable (232)		17,577,014	20,720,871
36	Notes Payable to Associated Companies (233)			
37	Accounts Payable to Associated Companies (234)		553,792,346	533,974,720
38	Customer Deposits (235)		2,804,951	2,681,730
39	Taxes Accrued (236)	262-263	(12,200,984)	(10,207,210)
40	Interest Accrued (237)		286,040	177,479
41	Dividends Declared (238)			
42	Matured Long-Term Debt (239)			
43	Matured Interest (240)			
44	Tax Collections Payable (241)		383,181	743,165
45	Miscellaneous Current and Accrued Liabilities (242)	268	20,355,754	14,849,430
46	Obligations Under Capital Leases-Current (243)			
47	TOTAL Current and Accrued Liabilities (Total of lines 33 thru 46)		582,998,302	562,940,185
48	DEFERRED CREDITS			
49	Customer Advances for Construction (252)			
50	Accumulated Deferred Investment Tax Credits (255)		1,644,390	1,848,959
51	Deferred Gains from Disposition of Utility Plant (256)			
52	Other Deferred Credits (253)	269	20,315,204	23,471,233
53	Other Regulatory Liabilities (254)	278	2,263,425	3,651,218
54	Unamortized Gain on Reaquired Debt (257)	260		
54.1	Contributions in aid of Construction (271)			
55	Accumulated Deferred Income Taxes (281-283)	276-277	32,316,489	32,316,489
56	Operating Reserves			
57	TOTAL Deferred Credits (Total of lines 49 thru 55)		56,539,508	61,287,899
58	TOTAL Liabilities and Other Credits (Total of lines 14, 23,31,47, and 56)		903,128,861	853,196,967
			0	-

Name of Respondent New England Gas Company, A Division of Southern Union Co	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year of Report June 30, 2004
Rhode Island Location			

STATEMENT OF INCOME FOR THE YEAR

1. Report amounts for accounts 412 and 413, *Revenue and Expenses from Utility Plant Leased to Others*, in another utility column (i,j) in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 24 as appropriate. Include these amounts in columns (c) and (d) totals.

2. Report amounts in discount 414, *Other Utility Operating Income*, in the same manner as accounts 412 and 413 above.
3. Report data for lines 7, 9, and 10 for Natural Gas companies using accounts 404.1, 404.2, 404.3, 407.1, and 407.2.

Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
1	UTILITY OPERATING INCOME			
2	Gas Operating Revenues (400)	300-301	379,795,102	334,845,488
3	Operating Expenses			
4	Operation Expenses (401)	317-325	301,109,930	255,146,755
5	Maintenance Expenses (402)	317-325	5,574,650	5,376,894
6	Depreciation Expense (403)	336-338	16,916,806	16,866,010
7	Amortization & Depletion of Utility Plant (404-405)	336-338	2,813,151	3,299,395
8	Amortization of Utility Plant Acu. Adjustment (406)	336-338		
9	Amort. of Prop. Losses, Unrecovered Plant and Reg. Study Costs (407.1)			
10	Amortization of Conversion Expenses (407.2)			
11	Regulatory Debits (407.3)			
12	(Less) Regulatory Credits (407.4)			
13	Taxes Other Than Income Taxes (408.1)	262-263	20,942,387	20,474,601
14	Income Taxes -- Federal (409.1)	262-263		
15	Income Taxes -- Other (409.1)	262-263		
16	Provision of Deferred Income Taxes (410.1)	234-235		
17	(Less) Provision for Deferred Income Taxes -- Credit (411.1)	234-235		
18	Investment Tax Credit Adjustment -- Net (411.4)			
19	(Less) Gains from Disposition of Utility Plant (411.6)			
20	Losses from Disposition of Utility Plant (411.7)			
21	(Less) Gains from Disposition of Allowances (411.8)			
22	Losses from Disposition of Allowances (411.9)			
23	Income from Utility Plant leased to others			
24	TOTAL Utility Operating Expenses (Total of lines 4 thru 22)		347,356,924	301,163,655
25	Net Utility Operating Income (Total of lines 2 less 23) (Carry forward to page 116, line 25)		32,438,178	33,681,833

Name of Respondent New England Gas Company, A Division of Southern Un		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report June 30, 2004	
Rhode Island Location							
STATEMENT OF INCOME FOR THE YEAR (Continued)							
4. Explain in a footnote if the previous year's figures are different from those reported in prior reports.				5. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles, lines 2 to 23, and report the information in the blank space on page 122 or in a supplemental statement.			
ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY			
Current Year (in dollars) (e)	Previous Year (in dollars) (f)	Current Year (in dollars) (g)	Previous Year (in dollars) (h)	Current Year (in dollars) (i)	Previous Year (in dollars) (j)	Line No.	
						1	
		379,795,102		334,845,488		2	
						3	
		301,109,930		255,146,755		4	
		5,574,650		5,376,894		5	
		16,916,806		16,866,010		6	
		2,813,151		3,299,395		7	
		-		-		8	
		-		-		9	
		-		-		10	
		-		-		11	
		-		-		12	
		20,942,387		20,474,601		13	
		-		-		14	
		-		-		15	
		-		-		16	
		-		-		17	
		-		-		18	
		-		-		19	
		-		-		20	
		-		-		21	
		-		-		22	
		-		-		23	
		347,356,924		301,163,655		24	
		32,438,178		33,681,833		25	

Name of Respondent New England Gas Company, A Division of S		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report June 30, 2004
Rhode Island Location				
STATEMENT OF INCOME FOR THE YEAR (Continued)				
Line No.	Title of Account (a)	Reference Page Number (b)	Total Current Year (in dollars) (c)	Total Previous Year (in dollars) (d)
25	Net Utility Operating Income (Carried forward from page 114)		32,438,178	33,681,833
26	OTHER INCOME AND DEDUCTIONS			
27	Other Income			
28	Nonutility Operating Income			
29	Revenues From Merchandising, Jobbing, and Contract Work (415)		1,885,689	2,079,666
30	(Less) Costs and Expense of Merchandising, Job & Contract Work		(849,106)	(1,098,377)
31	Revenues From Nonutility Operations (417)			
32	(Less) Expenses of Nonutility Operations (417.1)		198,384	
33	Nonoperating Rental Income		68,184	27,767
34	Equity in Earnings of Subsidiary Companies (418.1)	119		
35	Interest and Dividend Income (419)		951,802	121,600
36	Allowance for Other Funds Used During Construction (419.1)		227,824	171,896
37	Miscellaneous Nonoperating Income (421)		210,375	203,268
38	Gain on Disposition of Property (421.1)		162,310	62,911
39	TOTAL Other Income (Total of lines 29 thru 38)		2,855,462	1,568,731
40	Other Income Deductions			
41	Loss on Disposition of Property (421.2)			
42	Miscellaneous Amortization (425)	340		
43	Miscellaneous Income Deduction (426.1-426.5)	340	(490,716)	(192,502)
44	TOTAL Other Income Deductions (Total of lines 41 thru 43)		(490,716)	(192,502)
45	Taxes Applicable to Other Income and Deductions			
46	Taxes Other Than Income Taxes (406.2)	262-263		
47	Income Taxes -- Federal (409.2)	262-263		
48	Income Taxes -- Other (409.2)	262-263		
49	Provision for Deferred Income Taxes (410.2)	234-235		
50	(Less) Provision for Deferred Income Taxes -- Credit (411.2)	234-235		
51	Investment Tax Credit Adjustments -- Net (411.5)			
52	(Less) Investment Tax Credits (420)		204,568	204,568
53	TOTAL Taxes on Other Income and Deductions (Total of lines 46 - 52)		204,568	204,568
54	Net Other Income and Deductions (Total of lines 39, 44, 53)		2,569,314	1,580,797
55	INTEREST CHARGES			
56	Interest on Long-Term Debt (427)			
57	Amortization of Debt Disc. and Expense (428)	258-259		
58	Amortization of Loss on Recquired Debt (428.1)			
59	(Less) Amortization of Premium on Debt-Credit (429)	258-259		
60	(Less) Amortization of Gain on Recquired Debt-Credit (429.1)			
61	Interest on Debt to Associated Companies (430)	340		
62	Other Interest Expense (431)	340	(290,219)	(343,807)
63	(Less) Allowance for Borrowed Funds Used During Construction-Credit			
64	Net Interest Charges (Total of lines 56 thru 63)		(290,219)	(343,807)
65	Income Before Extraordinary Items (Total of lines 25, 54, and 64)		34,717,273	34,918,823
66	EXTRAORDINARY ITEMS			
67	Extraordinary Income (434)			
68	(Less) Extraordinary Deductions (435)			
69	Net Extraordinary Items (Total of line 67 less line 68)			
70	Income Taxes -- Federal and Other (409.3)	262-263		
71	Extraordinary Items After Taxes (Total of line 69 less line 70)			
72	Net Income (Total of lines 65 and 71) **		34,717,273	34,918,823

** EXCLUDES CORP ALLOCATIONS

Name of Respondent New England Gas Company, A Division of Southern Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report June 30, 2004
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STATEMENT OF RETAINED EARNINGS FOR THE YEAR

1. Report all changes in appropriated retained earnings, unappropriated retained earnings, and unappropriated undistributed subsidiary earnings for the year.
2. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436-439 inclusive). Show the contra primary account affected in column (b).
3. State the purpose and amount for each reservation or appropriation of retained earnings.
4. List first account 439, *Adjustments to Retained Earnings*, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items.
5. Show dividends for each class and series of capital stock.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Year Amount (in dollars) (c)	Previous Year Amount (in dollars) (d)
UNAPPROPRIATED RETAINED EARNINGS				
1	Balance -- Beginning of Year		228,627,059	193,708,236
2	Changes (Identify by prescribed retained earnings accounts)			
3	Adjustments to Retained Earnings (Account 439)			
3.01	Credit: Accumulated other comprehensive income			
3.02	Credit:			
3.03	Credit:			
3.04	Credit:			
3.05	Credit:			
4	TOTAL Credits to Retained Earnings (Account 439) (Total of lines 3.01 thru 3.05)			
4.01	Debit: Accumulated other comprehensive income			
4.02	Debit: Cumulative effect of change in accounting principle			
4.03	Debit:			
4.04	Debit:			
4.05	Debit:			
5	TOTAL Debits to Retained Earnings (Account 439) (Enter total of lines 4.01 thru 4.05)		-	-
6	Balance Transferred from Income (Account 433 less Account 418.1)		34,717,273	34,918,823
7	Appropriations of Retained Earnings (Account 436)			
7.01				
7.02				
7.03				
7.04				
8	TOTAL Appropriations of Retained Earnings (Account 436) (Total of lines 7.01 thru 7.04)			
9	Dividends Declared -- Preferred Stock (Account 437)			
9.01				
9.02				
9.03				
9.04				
10	TOTAL Dividends Declared -- Preferred Stock (Account 437) (Total of lines 9.01 thru 9.04)			
11	Dividends Declared -- Common Stock (Account 438)			
11.01	Stock Dividend			
11.02				
11.03				
11.04				
12	TOTAL Dividends Declared -- Common Stock (Account 438) (Total of lines 11.01 thru 11.04)		-	-
13	Transfers from Acct. 216.1, Unappropriated Undistributed Subsidiary Earnings			
14	Balance -- End of Year (Total of lines 1, 4, 5, 6, 8, 10, 12, and 13)		263,344,332	228,627,059

Name of Respondent New England Gas Company, A Division of South Rhode Island Location		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report June 30, 2004
STATEMENT OF RETAINED EARNINGS FOR THE YEAR				
6. Show separately the State and Federal income tax effect of items shown in Account 439, <i>Adjustment to Retained Earnings</i> .		7. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent; state the number and annual amounts to be reserved or appropriate as well as the totals eventually to be accumulated. 8. At lines 3, 4, 7, 9, 11, and 15, add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, e.g., 3.01, 3.02, etc.		
Line No.	Item (a)	Current Year Amount (in dollars) (b)	Previous Year Amount (in dollars) (c)	
	APPROPRIATED RETAINED EARNINGS (Account 215) State balance and purpose of each appropriated retained earnings amount at end of year and give accounting entries for any applications of appropriated retained earnings during the year.			
15.01				
15.02				
15.03				
15.04				
15.05				
15.06				
15.07				
15.08				
16	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROPRIATED RETAINED EARNINGS-AMORTIZATION RESERVE, FEDERAL (Account 215.1) State below the total amount set aside through appropriations of retained earnings, as of the end of the year, in compliance with the provisions of Federally granted hydroelectric project licenses held by the respondent. If any reductions or changes other than the normal annual credits hereto have been made during the year, explain such items in a footnote.			
17	TOTAL Appropriated Retained Earnings-Amortization Reserve, Federal (Account 215.1)			
18	TOTAL Appropriated Retained Earnings (Accounts 215, 215.1) (Total of lines 16 and 17)			
19	TOTAL Retained Earnings (Account 215, 215.1, 216) (Total of lines 14 and 18)	263,344,332	228,627,059	
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
20	Balance -- Beginning of Year (Debit or Credit)			
21	Equity in Earnings for Year (Credit) (Account 418.1)			
22	(Less) Dividends Received (Debit)			
23	Other Changes (Explain)			
24	Balance - End of Year			

The New England Gas Company
A Division of Southern Union Co., RI Location
Statements of Cash Flows
For the Years Ended June 30

	2004	2003
Cash provided by (used for)		
Operating Activities:		
Net Income	\$ 34,717,273	\$ 34,918,823
Items not requiring cash:		
Depreciation and Amortization	19,729,957	20,165,405
Deferred Federal income taxes	-	-
Amortization of investment tax credits	(204,568)	(204,568)
Changes in assets and liabilities		
which provided (used) cash:		
Accounts receivable	2,452,221	(16,724,621)
Materials, supplies, and fuels	(1,945,004)	1,286,939
Prepayments	558,900	17,830,721
Deferred debits	3,176,101	(722,516)
Accounts payable	(3,143,857)	(2,283,003)
Accrued customer deposits	123,221	(297,038)
Accrued taxes	(1,993,774)	1,055,944
Accrued liabilities - other	(1,576,502)	1,910,764
Deferred credits	(3,156,030)	21,077,695
Deferred Revenues	5,443,611	-
Other : Net Other	-	10,966
Net cash provided by operations	<u>54,181,549</u>	<u>78,025,511</u>
Investment activities:		
Retirements & Environmental	(3,686,795)	3,974,726
Expenditures for property, plant		
equipment, net	<u>(15,105,779)</u>	<u>(19,552,867)</u>
Net cash provided (used) by		
investment activities	(18,792,574)	(15,578,141)
Financing activities:		
Other Investments	208,773	140,978
Payments on Capital Leases	(95,106)	(132,616)
Increase (decrease) in notes payable, net	-	-
Increase (decrease) in net due to related companies	(37,902,137)	(58,624,596)
Cash dividends on preferred stock		
Cash dividends on common shares		
Net cash provided (used) by		
financing activities	<u>(37,788,470)</u>	<u>(58,616,234)</u>
Increase (decrease) in cash and		
cash equivalents	(2,399,495)	3,831,136
Cash and cash equivalents at beginning of year	<u>2,791,369</u>	<u>(1,039,767)</u>
Cash and cash equivalents at end of year	<u>\$ 391,874</u>	<u>\$ 2,791,369</u>
<u>Reconciliation of Cash</u>		
Cash	\$ 383,150	\$ 2,769,839
Working Funds / Special Deposits	8,724	21,530
	<u>\$ 391,874</u>	<u>\$ 2,791,369</u>

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[Next page is 200]

Name of Respondent New England Gas Company, A Division of Southern Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
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SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION, AND DEPLETION

Line No.	Item (a)	Total (b)
1	UTILITY PLANT	
2	In Service	
3	Plant in Service (Classified)	483,122,202
4	Property Under Capital Leases	5,897,475
5	Plant Purchased or Sold	
6	Completed Construction not Classified	900,070
7	Experimental Plant Unclassified	
8	TOTAL Utility Plant (Total of lines 3 thru 7)	489,919,747
9	Leased to Others	
10	Held for Future Use	
11	Construction Work in Progress	5,850,652
12	Acquisition Adjustments	
13	TOTAL Utility Plant (Total of lines 8 thru 12)	495,770,399
14	Accumulated Provision for Depreciation, Amortization, & Depletion	(223,755,018)
15	Net Utility Plant (Total of lines 13 and 14) [1]	272,015,381
16	DETAIL OF ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION, AND DEPLETION	
17	In Service:	
18	Depreciation	(223,755,018)
19	Amortization and Depletion of Producing Natural Gas Land and Land Rights	
20	Amortization of Underground Storage Land and Land Rights	
21	Amortization of Other Utility Plant	
22	TOTAL In Service (Total of lines 18 thru 21)	(223,755,018)
23	Leased to Others	
24	Depreciation	
25	Amortization and Depletion	
26	TOTAL Leased to Others (Total of lines 24 and 25)	-
27	Held for Future Use	
28	Depreciation	
29	Amortization	
30	TOTAL Held for Future Use (Total of lines 28 and 29)	-
31	Abandonment of Leases (Natural Gas)	
32	Amortization of Plant Acquisition Adjustment	
33	TOTAL Accum. Provisions (Should agree with line 14 above)(Total of lines 22, 26, 30, 31, and 32)	(223,755,018)

(1) Excludes \$303,600,743 Goodwill

0

Name of Respondent New England Gas Company, A Division of	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION, AND DEPLETION (Continued)				
Electric (c)	Gas (d)	Other (Specify) (e)	Common (f)	Line
				1
				2
-	483,122,202	-	-	3
-	5,897,475	-	-	4
-	-	-	-	5
-	900,070	-	-	6
-	-	-	-	7
-	489,919,747	-	-	8
-	-	-	-	9
-	-	-	-	10
-	5,850,652	-	-	11
-	-	-	-	12
-	495,770,399	-	-	13
-	(223,755,018)	-	-	14
-	272,015,381	-	-	15
				16
				17
-	(223,755,018)	-	-	18
	-			19
	-			20
-	-	-	-	21
-	(223,755,018)	-	-	22
				23
-	-	-	-	24
-	-	-	-	25
-	-	-	-	26
				27
-	-	-	-	28
-	-	-	-	29
-	-	-	-	30
	-			31
-	-	-	-	32
-	(223,755,018)	-	-	33

Name of Respondent New England Gas Company, A Division		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS PLANT IN SERVICE (ACCOUNTS 101,102,103, and 106)				
<p>1. Report below the original cost of gas plant in service according to the prescribed accounts.</p> <p>2. In addition to Account 101, <i>Gas Plant in Service(Classified)</i> , this page and the next include Account 102, <i>Gas Plant Purchased or Sold</i>, Account 103, <i>Experimental Gas Plant Unclassified</i> , and Account 106, <i>Completed Construction Not Classified -- Gas</i>.</p> <p>3. Include in column (c) or (d), as appropriate corrections of additions and retirements for the current or preceding year.</p> <p>4. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>5. Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d) reversals of tentative distributions of prior year's unclassified retirements. Attach supplemental statement showing the account distributions of these tentative classifications in columns (c) and (d),</p>				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
1	INTANGIBLE PLANT			
2	301 Organization			
3	302 Franchises and Consents	188,054		
4	303 Miscellaneous Intangible Plant	31,799,563	1,480,969	
5	TOTAL Intangible Plant (Enter Total of lines 2 thru 4)	31,987,617	1,480,969	
6	PRODUCTION PLANT			
7	Natural Gas Production and Gathering Plant			
8	304 Land and Land Rights	192,833	4,164	
9	305 Structures and Improvements	1,248,775		
10	306 Boiler Plant Equipment			
11	307 Other Power Equipment	44,561		
12	311 Liquefied Petroleum Gas Equipment	1,646,290		
13	313 Generating Equipment- Other Processes			
14	320 Other Equipment	53,082		
15	325.1 Producing Lands			
16	325.2 Producing Leaseholds			
17	325.3 Gas Rights			
18	325.4 Rights-of-Way			
19	325.5 Other Land and Land Rights			
20	326 Gas Well Structures			
21	327 Field Compressor Station Structures			
22	328 Field Measuring and Regulating Station Equipment			
23	329 Other Structures			
24	330 Producing Gas Wells -- Well Construction			
25	331 Producing Gas Wells -- Well Equipment			
26	332 Field Lines			
27	333 Field Compressor Station Equipment			
28	334 Field Measuring and Regulating Station Equipment			
29	335 Drilling and Cleaning Equipment			
30	336 Purification Equipment			
31	337 Other Equipment			
32	338 Unsuccessful Exploration and Development Costs			
33	TOTAL Production and Gathering Plant (Enter Total of lines 8 thru 25)	3,185,541	4,164	
34	PRODUCTS EXTRACTION PLANT			
35	340 Land and Land Rights			
36	341 Structures and Improvements			
37	342 Extraction and Refining Equipment			
38	343 Pipe Lines			
39	344 Extracted Products Storage Equipment			
40	345 Compressor Equipment			

Name of Respondent New England Gas Company, A Division of S	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004	
Rhode Island Location				
GAS PLANT IN SERVICE (ACCOUNTS 101, 102, 103, AND 106) (Continued)				
<p>including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of respondent's reported amount for plant actually in service at end of year.</p> <p>6. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102. In showing the clearance of Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc.,</p>		<p>and show in column (f) only the offset to the debits or credits to primary account classifications.</p> <p>7. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirements of these pages.</p> <p>8. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchaser, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give date of such filing.</p>		
Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
				2
			188,054	3
			33,280,532	4
			33,468,586	5
				6
				7
			196,997	8
			1,248,775	9
			-	10
			44,561	11
206,810			1,439,480	12
			-	13
			53,082	14
			-	15
			-	16
			-	17
			-	18
			-	19
			-	20
			-	21
			-	22
			-	23
			-	24
			-	25
			-	26
			-	27
			-	28
			-	29
			-	30
			-	31
			-	32
206,810			2,982,895	33
				34
				35
				36
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				38
				39
				40

Name of Respondent New England Gas Company, A Division of Southern U		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS PLANT IN SERVICE (Accounts 101,102,103, and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
34	346 Gas Measuring and Regulating Equipment			
35	347 Other Equipment			
36	TOTAL Products Extraction Plant (Enter Total of lines 28 thru 35)			
37	TOTAL Natural Gas Production Plant (Enter Total of lines 26 and 36)			
38	Manufactured Gas Production Plant (Submit Supplementary Statement)			
39	TOTAL Production Plant (Enter Total of lines 37 and 38)			
40	NATURAL GAS STORAGE AND PROCESSING PLANT			
41	Underground Storage Plant			
42	350.1 Land			
43	350.2 Rights-of-Way			
44	351 Structures and Improvements			
45	352 Wells			
46	352.1 Storage Leaseholds and Rights			
47	352.2 Reservoirs			
48	352.3 Non-recoverable Natural Gas			
49	353 Lines			
50	354 Compressor Station Equipment			
51	355 Measuring and Regulating Equipment			
52	356 Purification Equipment			
53	357 Other Equipment			
54	TOTAL Underground Storage Plant (Enter Total of lines 42 thru 53)	-	-	
55	Other Storage Plant			
56	360 Land and Land Rights	241,733		
57	361 Structures and Improvements	2,130,966	1,069	
58	362 Gas Holders	4,081,046		
59	363 Purification Equipment	6,134,224	51,909	
60	363.1 Liquefaction Equipment			
61	363.2 Vaporizing Equipment			
62	363.3 Compressor Equipment			
63	363.4 Measuring and Regulating Equipment			
64	363.5 Other Equipment			
65	TOTAL Other Storage Plant (Enter Total of lines 56 thru 64)	12,587,969	52,978	
66	Base Load Liquefied Natural Gas Terminating and Processing Plant			
67	364.1 Land and Land Rights			
68	364.2 Structures and Improvements			
69	364.3 LNG Processing Terminal Equipment			
70	364.4 LNG Transportation Equipment			
71	364.5 Measuring and Regulating Equipment			
72	364.6 Compressor Station Equipment			
73	364.7 Communications Equipment			
74	364.8 Other Equipment			
75	TOTAL Base Load Liquefied Nat'l Gas, Terminating and Processing Plant (lines 67-74)	-	-	
76	TOTAL Nat'l Gas Storage and Processing Plant (Total of lines 54, 65 and 75)	12,587,969	52,978	
77	TRANSMISSION PLANT			
78	365.1 Land and Land Rights			
79	365.2 Rights-of-Way			
80	366 Structures and Improvements			

Name of Respondent New England Gas Company, A Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
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GAS PLANT IN SERVICE (Accounts 101, 102, 103, and 106) (Continued)				
Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				34
				35
				36
				37
				38
				39
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				41
				42
				43
				44
				45
				46
				47
				48
				49
				50
				51
				52
				53
				54
				55
4,793			236,940	56
			2,132,035	57
			4,081,046	58
			6,186,133	59
			-	60
			-	61
			-	62
			-	63
			-	64
4,793		-	12,636,154	65
				66
				67
				68
				69
				70
				71
				72
				73
				74
				75
4,793		-	12,636,154	76
				77
				78
				79
				80

Name of Respondent New England Gas Company, A Division of Southern		This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS PLANT IN SERVICE (ACCOUNTS 101,102,103, and 106) (Continued)				
Line No.	Account (a)	Balance at Beginning of Year (b)	Additions (c)	
81	367 Mains			
82	368 Compressor Station Equipment			
83	369 Measuring and Regulating Station Equipment			
84	370 Communication Equipment			
85	371 Other Equipment			
86	TOTAL Transmission Plant (Enter Total of lines 78 thru 85)			
87	DISTRIBUTION PLANT			
88	374 Land and Land Rights	811,346		
89	375 Structures and Improvements	9,302,243	108,705	
90	376 Mains	184,977,065	9,526,062	
91	377 Compressor Station Equipment	1,005,629		
92	378 Measuring and Regulating Station Equipment-General	4,785,214	(977,660)	
93	379 Measuring and Regulating Station Equipment-City Gate	4,854,349	1,194,772	
94	380 Services	116,142,658	7,716,760	
95	381 Meters	32,681,985	1,097,731	
96	382 Meter Installations	30,122,528	1,926,017	
97	383 House Regulators	741,939		
98	384 House Regulator Installations	614,703		
99	385 Industrial Measuring and Regulating Station Equipment	317,555		
100	386 Other Property on Customers' Premises	847,680	(408,732)	
101	387 Other Equipment	84,852	408,732	
102	TOTAL Distribution Plant (Enter Total of lines 88 thru 101)	387,289,746	20,592,387	
103	GENERAL PLANT			
104	389 Land and Land Rights	536,400	(4,164)	
105	390 Structures and Improvements	11,423,489	65,790	
106	391 Office Furniture and Equipment	13,351,806	607,005	
107	392 Transportation Equipment	578,677		
108	393 Stores Equipment	57,199		
109	394 Tools, Shop, and Garage Equipment	2,763,831	(474,601)	
110	395 Laboratory Equipment	102,687	40,605	
111	396 Power Operated Equipment		124,507	
112	397 Communication Equipment	3,157,746	661,976	
113	398 Miscellaneous Equipment	2,239,589	272,730	
114	Subtotal (Enter Total of lines 104 thru 113)	34,211,424	1,293,848	
115	399 Other Tangible Property	6,234,842	(133,507)	
116	TOTAL General Plant (Enter Total of lines 114 and 115)	40,446,266	1,160,341	
117	TOTAL (Accounts 101 and 106)	475,497,139	23,290,839	
118	Gas Plant Purchased (See Instruction 8)			
119	(Less) Gas Plant Sold (See Instruction 8)			
120	Experimental Gas Plant Unclassified			
121	TOTAL Gas Plant in Service (Enter Total of lines 117 thru 120)	475,497,139	23,290,839	

Name of Respondent	This Report Is:	Date of Report	Year Ending
New England Gas Company, A D	<input checked="" type="checkbox"/> An Original	(Mo, Da, Yr)	June 30, 2004
Rhode Island Location	<input type="checkbox"/> A Resubmission		

GAS PLANT IN SERVICE (ACCOUNTS 101,102,103, and 106) (Continued)

Retirements (d)	Adjustments (1) (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				81
				82
				83
				84
				85
				86
				87
181,225			630,121	88
615,720			8,795,228	89
727,365			193,775,762	90
			1,005,629	91
			3,807,554	92
			6,049,121	93
59,981			123,799,437	94
236,150			33,543,566	95
			32,048,545	96
		(263,263)	478,676	97
			614,703	98
			317,555	99
28,416			410,532	100
			493,584	101
1,848,857		(263,263)	405,770,013	102
				103
			532,236	104
5,368,153			6,121,126	105
67,090			13,891,721	106
			578,677	107
			57,199	108
			2,289,230	109
			143,292	110
3,712			120,795	111
884,794			2,934,928	112
16,899			2,495,420	113
6,340,648	-	-	29,164,624	114
247,715		43,855	5,897,475	115
6,588,363	-	43,855	35,062,099	116
8,437,220		(219,408)	489,919,747	[1] 117
				118
				119
				120
				121

(1) Excludes \$303,600,743 Goodwill

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location					
GAS PROPERTY AND CAPACITY LEASED FROM OTHERS					
1. Report below the information called for concerning gas property and capacity leased from others for gas operations.			2. For all leases in which the average annual lease payment over the initial term of the lease exceeds \$500,000, describe in column (c), if applicable: the property or capacity leased. Designate associated companies with an asterisk in column (b).		
Line No.	Name of Lessor (a)	*	Description of Lease (c)	Lease Payments For Current Year (d)	
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
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42					
43					
44					
45	TOTAL				

Name of Respondent New England Gas Company, A Division		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending June 30, 2004	
Rhode Island Location							
GAS PROPERTY AND CAPACITY LEASED TO OTHERS							
<p>1. For all leases in which the average lease income over the initial term of the lease exceeds \$500,000 provide in column (c), a description of each facility of leased capacity that is classified as gas plant in service, and is leased to others for gas operations.</p> <p>2. In column (d) provide the lease payments received from others.</p> <p>3. Designate associated companies with an asterick in column (b).</p>							
Line No.	Name of Lessor (a)	*	(b)	Description of Lease (c)	Lease Payments For Current Year (d)		
1							
2							
3							
4	N/A						
5							
6							
7							
8							
9							
10							
11							
12							
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41							
42							
43							
44							
45	TOTAL						

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: _____ A Resubmission	Date of Report <i>(Mo, Da, Yr)</i> June 30, 2004	Year Ending June 30, 2004
Rhode Island Location				
GAS PLANT HELD FOR FUTURE USE (ACCOUNT 105)				
<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>1. Report separately each property held for future use at end of the year having an original cost of \$1,000,000 or more. Group other items of property held for future use.</p> </div> <div style="width: 48%;"> <p>2. For property having an original cost of \$1,000,000 or more previously used in utility operations, now held for future use, give in column (a), in addition to other required information, the date that utility use of such property was discontinued, and the date the original cost was transferred to Account 105.</p> </div> </div>				
Line No.	Description and Location of Property (a)	Date Originally Included in this Account (b)	Date Expected to be Used in Utility Service (c)	Balance at End of Year (d)
1	N/A			
2				
3				
4				
5				
6				
7				
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44				
45	TOTAL			

Name of Respondent New England Gas Company, A Division of		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location				
CONSTRUCTION WORK IN PROGRESS-GAS (ACCOUNT 107)				
1. Report below descriptions and balances at end of year of projects in process of construction (Account 107). 2. Show items relating to "research, development, and demonstration" projects last, under a caption Research, Development, and Demonstration (see Account 107 of the Uniform System of Accounts). 3. Minor projects (less than \$1,000,000) may be grouped.				
Line No.	Description of Project (a)	Construction Work in Progress-Gas (Account 107) (b)	Estimated Additional Cost of Project (c)	
1				
2				
3	Main location	1,627,286	7,277,481	
4	Regulator Stations	142,246	958,752	
5	Building Renovations	727,314	2,216,331	
6	AM/FM	305,075	(18,110)	
7	Other Technology	1,520,377	2,372,652	
8	Aquidneck LNG			
9	New Main	1,387,996	279,031	
10	Misc. Projects	140,358	193,945	
11	sub-total	5,850,652	13,280,082	
12				
13				
14				
15				
16				
17				
18				
19				
20				
21		-	-	
22				
23	TOTAL	5,850,652	13,280,082	
24				
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26				
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32				
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Name of Respondent New England Gas Company, A Division of So	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			
GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE			
1. For each construction overhead explain: (a) the nature and extent of work, etc., the overhead charges are intended to cover, (b) the general procedure for determining the amount capitalized, (c) the method of distribution to construction jobs, (d) whether different rates are applied to different types of construction, (e) basis of differentiation in rates for different types of construction, and (f) whether the overhead is directly or indirectly assigned.		2. Show below the computation of allowance for funds used during construction rates, in accordance with the provisions of Gas Plant Instructions 3 (17) of the Uniform System of Accounts. 3. Where a net-of-tax rate for borrowed funds is used, show the appropriate tax effect adjustment to the computations below in a manner that clearly indicates the amount of reduction in the gross rate for tax effects.	
Construction Overhead 1. Administrative and General and Engineering and Supervision: (A) Components of overhead cost are considered to be administrative salaries and expenses, employee fringe benefits and certain other general costs devoted to general planning and administration of construction program. (B) The proportion of such overhead costs charged to construction is based upon an analysis made annually. (C) The applicable monthly construction overhead is recorded in a clearing account and then capitalized to construction as a percent of direct costs to construction exclusive of overhead previously allocated. (D) Overhead costs are spread equitably to all construction except certain specific work orders which may be exempted based upon circumstances of construction. (E) Certain specific jobs may be exempted as company personnel may be directly assigned for the project. In those cases, all salaries and expenses are charged direct. (F) Overhead charges are indirectly assigned except for those projects described in (E). 2. Allowance for Funds Used During Construction: (A) AFUDC is charged to all classes of property for those specific jobs requiring more than 30 days to complete except those for purchases of equipment which are available for service upon request. (B) AFUDC is compounded monthly. (C) AFUDC is computed during the period of physical construction and terminates at inservice. (D) Allowance for Funds Rate is calculated in accordance with Order No. 561.			
COMPUTATION OF ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION RATES			
For line (5), column (d) below, enter the rate granted in the last rate proceeding. If not available, use the average rate earned during the preceding 3 years.			
1. Components of Formula (Derived from actual book balances and actual cost rates):			
Title (a)	Amount (b)	Capitalization Ratio (Percent) (c)	Cost Rate Percentage (d)
(1) Average Short-Term Debt	S		
(2) Short-Term Interest		8.80%	s 2.02%
(3) Long-Term Debt	D	45.70%	d 7.81%
(4) Preferred Stock	P	1.90%	p 1.90%
(5) Common Equity	C	43.60%	c
(6) Total Capitalization		100%	
(7) Average Construction Work in Progress Balance	W		
2. Gross Rate for Borrowed Funds $s(S/W) + d[(D/(D + P + C))(1-(S/W))]$			
3. Rate for Other Funds $[1-(S/W)][p(P/(D + P + C)) + c(C/(D + P + C))]$			
4. Weighted Average Rate Actually Used for the Year:			
a. Rate for Borrowed Funds -			
b. Rate for Other Funds -			

Name of Respondent New England Gas Company, A Division of South		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location					
ACCUMULATED PROVISION FOR DEPRECIATION OF GAS UTILITY PLANT (Account 108)					
1. Explain in a footnote any important adjustments during year. 2. Explain in a footnote any difference between the amount for book cost of plant retired, line 10, column (c), and that reported for gas plant in service, pages 204-209, column (d), excluding retirements of non-depreciable property. 3. The provisions of Account 108 in the Uniform System of Accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a			significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications. 4. Show separately interest credits under a sinking fund or similar method of depreciation accounting. 5. At lines 7 and 14, add rows as necessary to report all data. Additional rows should be numbered in sequence, e.g. 7.01, 7.02, etc.		
Line No.	Item (a)	Total (c+d+e) (b)	Gas Plant in Service (c)	Gas Plant Held for Future Use (d)	Gas Plant Leased to Others (e)
Section A. BALANCE AND CHANGES DURING YEAR					
1	Balance Beginning of Year	207,711,856	207,711,856		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	19,545,692	19,545,692		
4	(413) Expense of Gas Plant Leased to Others				
5	Transportation Expenses - Clearing	-			
6	Other Clearing Accounts	86,963	86,963		
7	Other (Specify): <i>New England Division beg.bal.</i>				
7.01	Reclass of conversion balances	-			
8	TOTAL Deprec. Prov. for Year	19,632,655	19,632,655	-	-
9	Net Charges for Plant Retired:				
10	Book Cost of Plant Retired	8,418,954	8,418,954		
11	Cost of Removal	812,036	812,036		
12	Salvage (Credit)	(707,321)	(707,321)		
13	TOTAL Net Chrgs for Plant Ret. (Total of lines 10 thru 12)	8,523,669	8,523,669		
14	Other Debit or Credit Items (Describe): Net Environmental Remediation	(5,651,755)	(5,651,755)		
14.01a	Contributions	-			
14.01b	Cost of Removal - Environmental net of accrual	(1,094,301)	(1,094,301)		
14.02	Transfers	376,722	376,722		
14.03	Transfer of accumulated Reserve	-			
14.04	Prior period adjustments	-			
14.05	Out of period adjustment	-			
15	Balance End of Year	223,755,018	223,755,018	-	-
Section B. BALANCES AT END OF YEAR ACCORDING TO FUNCTIONAL CLASSIFICATIONS					
16	Production-Manufactured Gas	11,095,520	11,095,520		
17	Production and Gathering- Natural Gas	-			
18	Products Extraction- Natural Gas	-			
19	Underground Gas Storage	-			
20	Other Storage Plant	651,885	651,885		
21	Base Load LNG Terminating and Processing Plant	-			
22	Transmission	-			
23	Distribution	182,337,750	182,337,750		
24	General	29,669,863	29,669,863		
25	TOTAL (Total of lines 16 thru 24)	223,755,018	223,755,018	-	-

Name of Respondent New England Gas Company, A Division of Southern Union Co				This Report Is: <input checked="" type="checkbox"/> An Original A Resubmission			Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004	
Rhode Island Location				GAS STORED (ACCOUNTS 117.1, 117.2, 117.3, 117.4, 164.1, 164.2 AND 164.3)					
1. If during the year adjustments were made to the stored gas inventory reported in columns (d), (f), (g), and (h) (such as to correct cumulative inaccuracies of gas measurements), explain in a footnote the reason for the adjustment, the Dth and dollar amount of adjustment, and account charged or credited.				2. Report in column (e) all encroachments during the year upon the volumes designated as base gas, column (b), and system balancing gas, column (c), and gas property recordable in the plant accounts. 3. State in a footnote the basis of segregation of inventory between current and noncurrent portions. Also, state in a footnote the method used to report storage (i.e. fixed assets method or inventory method).					
Line No.	Description (a)	(Account 117.1) (b)	(Account 117.2) (c)	Noncurrent (Account 117.3) (d)	(Account 117.4) (e)	Current (Account 164.1) (f)	LNG (Account 164.2) (g)	LNG (Account 164.3) (h)	Total (i)
1	Balance at Beginning of Year (2)					11,421,871	3,781,602		15,203,473
2	Gas Delivered to Storage					17,495,484	7,935,865		25,431,349
3	Gas Withdrawn from Storage					(16,728,005)	(7,175,035)		(23,903,040)
4	Other Debits or Credits								
5	Balance at End of Year					12,189,350	4,542,432		16,731,782
6	Mcf					2,305,047	546,636		2,851,683
7	Amount Per Mcf					\$ 5.29	\$ 8.31		\$ 5.87

Name of Respondent New England Gas Company, A Division of Southern Un		This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June. 30, 2004	Year Ending June. 30, 2004
Rhode Island Location				
INVESTMENTS (ACCOUNT 123, 124, AND 136)				
<p>1. Report below investments in Accounts 123, <i>Investments in Associated Companies</i>, 124, <i>Other Investments</i>, and 136, <i>Temporary Cash Investments</i>.</p> <p>2. Provide a subheading for each account and list thereunder the information called for:</p> <p>(a) Investment in Securities - List and describe each security owned, giving name of issuer, date acquired and date of maturity. For bonds, also give principal amount, date of issue, maturity, and interest rate. For capital stock (including capital stock of respondent reacquired under a definite plan for resale pursuant to authorization by the Board of Directors, and included in Account 124, <i>Other Investments</i>, state number of shares, class, and series of stock. Minor investments may be grouped by classes. Investments included in Account 136, <i>Temporary Cash Investments</i>, also may be grouped by classes.</p> <p>(b) Investment Advances - Report separately for each person or company the amounts of loans or investment advances that are properly includable in Account 123. Include advances subject to current repayment in Accounts 145 and 146. With respect to each advance, show whether the advance is a note or open account.</p>				
Line No.	Description of Investment	*	Book Cost at Beginning of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.)	Purchases or Additions During Year
	(a)	(b)	(c)	(d)
1				
2	Investment in Boundry Gas Project		117	0
1	30 Acres Land - Warren		57,495	0
2	Bristol Consortium - Partnership		287,499	3,722
3	Gooding Realty Corporation		275,413	0
4			620,524	3,722
4			0	
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Name of Respondent New England Gas Company, A Division of	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June. 30, 2004		
Rhode Island Location					
INVESTMENTS (ACCOUNT 123, 124, AND 136) (Continued)					
<p>List each note, giving date of issuance, maturity date, and specifying whether note is a renewal. Designate any advances due from officers, directors, stockholders, or employees.</p> <p>3. Designate with an asterisk in column (b) any securities, notes or accounts that were pledged, and in a footnote state the name of pledges and purpose of the pledge.</p> <p>4. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and cite Commission, date of authorization, and case or docket number.</p>		<p>5. Report in column (h) interest and dividend revenues from investments including such revenues from securities disposed of during the year.</p> <p>6. In column (i) report for each investment disposed of during the year the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost) and the selling price thereof, not including any dividend or interest adjustment includible in column (h).</p>			
Sales or Other Dispositions During Year (e)	Principal Amount or No. of Shares at End of Year (f)	Book cost at End of Year (If book cost is different from cost to respondent, give cost to respondent in a footnote and explain difference.) (g)	Revenues for Year (h)	Gain or Loss from Investment Disposed of (i)	Line No.
0	N/A	117			1
0	57,495	57,495			2
(212,495)	25.00%	78,726			3
0	32.50%	275,413			4
(212,495)		411,751			5
		-			6
					7
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Name of Respondent New England Gas Company, A Division of		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June. 30, 2004
Rhode Island Location				
INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1)				
<p>1. Report below investments in Accounts 123.1, <i>Investments In Subsidiary Companies</i>.</p> <p>2. Provide a subheading for each company and list thereunder the information called for below. Sub-total by company and give a total in columns (e), (f), (g), and (h).</p> <p>(a) Investment In Securities - List and describe each security owned. For bonds give also principal amount, date of issue, maturity, and interest rate.</p> <p>(b) Investment Advances - Report separately the amounts of loans or investment advances which are subject to repayment, but which are not subject to current settlement. With respect to each advance show whether the advance is a note or open account. List each note giving date of issuance, maturity date, and specifying whether note is a renewal.</p> <p>3. Report separately the equity in undistributed subsidiary earnings since acquisition. The total in column (e) should equal the amount entered for Account 418.1.</p>				
Line No.	Description of Investment (a)	Date Acquired (b)	Date of Maturity (c)	Amount of Investment at Beginning of Year (d)
1	N/A			
2				
3				
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40	TOTAL Cost of Account 123.1 \$ _____			TOTAL

Name of Respondent New England Gas Company, A Div	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004	
Rhode Island Location				
INVESTMENTS IN SUBSIDIARY COMPANIES (ACCOUNT 123.1) (Continued)				
<p>4. Designate in a footnote any securities, notes, or accounts that were pledged, and state the name of pledges and purpose of the pledge.</p> <p>5. If Commission approval was required for any advance made or security acquired, designate such fact in a footnote and give name of Commission, date of authorization, and case or docket number.</p> <p>6. Report in column (f) interest and dividend revenues from investments, including such revenues from securities disposed of during the year.</p>		<p>7. In column (h) report for each investment disposed of during the year, the gain or loss represented by the difference between cost of the investment (or the other amount at which carried in the books of account if different from cost), and the selling price thereof, not including interest adjustment includible in column (f).</p> <p>8. Report on Line 40, column (a) the total cost of Account 123.1.</p>		
Equity in Subsidiary Earnings for Year (e)	Revenues for Year (f)	Amount of Investment at End of Year (g)	Gain or Loss from Investment Disposed of (h)	Line No.
N/A				1
				2
				3
				4
				5
				6
				7
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Name of Respondent New England Gas Company, A Division of Southern Company		This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending June 30, 2004	
Rhode Island Location							
PREPAYMENTS (ACCOUNT 165)							
1. Report below the particulars (details) on each prepayment.							
Line No.	Nature of Prepayment (a)	Balance at End of Year (in dollars) (b)					
1	Prepaid Insurance						
2	Prepaid Rents						
3	Prepaid Taxes	1,901,805					
4	Prepaid Interest						
5	Miscellaneous Prepayments (FAS 87 \$28,171,471, SERP \$3,167,218, Misc Exp \$403,578)	31,742,266					
6	TOTAL	33,644,071					
EXTRAORDINARY PROPERTY LOSSES (ACCOUNT 182.1)							
Line No.	Description of Extraordinary Loss [Include the date of loss, the date of Commission authorization to use Account 182.1 and period of amortization (mo, yr, to mo, yr).] Add rows as necessary to report all data. (a)	Balance at Beginning of Year (b)	Total Amount of Loss (c)	Losses Recognized During Year (d)	WRITTEN OFF DURING YEAR		Balance at End of Year (g)
					Account Charged (e)	Amount (f)	
7	NONE						
8							
9							
10							
11							
12							
13							
14							
15	TOTAL						
UNRECOVERED PLANT AND REGULATORY STUDY COSTS (ACCOUNT 182.2)							
Line No.	Description of Unrecovered Plant and Regulatory Study Costs [Include in the description of costs, the date of Commission authorization to use Account 182.2, and period of amortization (mo, yr, to mo, yr).] Add rows as necessary to report all data. Number rows in sequence beginning with the next row number after the last row number used for extraordinary property losses. (a)	Balance at Beginning of Year (b)	Total Amount of Charges (c)	Costs Recognized During Year (d)	WRITTEN OFF DURING YEAR		Balance at End of Year (g)
					Account Charged (e)	Amount (f)	
16	NONE						
17							
18							
19							
20							
21							
22							
23							
24							
25							
26	TOTAL						

Name of Respondent New England Gas Company, A Division	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June. 30, 2004
Rhode Island Location			

OTHER REGULATORY ASSETS (ACCOUNT 182.3)

1. Reporting below the details called for concerning other regulatory assets which are created through the ratemaking actions of regulatory agencies (and not includable in other accounts).
2. For regulatory assets being amortized, show period of amortization in column (a).
3. Minor items (5% of the Balance at End of Year for Account 182.3 or amounts less than \$250,000, whichever is less) may be grouped by classes.
4. Report separately any "Deferred Regulatory Commission Expenses" that are also reported on pages 350-351, Regulatory Commission Expenses.

Line No.	Description and Purpose of Other Regulatory Assets	Balance at Beginning of Year	Debits	WRITTEN OFF DURING YEAR		Balance at End of Year
				Account Charged	Amount	
	(a)	(b)	(c)	(d)	(e)	(f)
1						
2						
3	Employee Vacation Accrual	808,033	760,290	920	622,829	945,494
4						
5	Year 2000	4,528,233	0	404	240,000	4,288,233
6						
7	Rate Case Expense	1,693,912	21,989	928, 930.2	754,525	961,376
8						
9	Reg. Asset- PIPP (Forgivable)	328,209	6,744	904	185,259	149,694
10						
11	Deferred FAS 109 Expense	4,549,889		-	-	4,549,889
12						
13	Regulatory Asset Pension	1,620,901		-	0	1,620,901
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
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37						
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41						
42						
43						
44						
45						
46	TOTAL	13,529,177	789,023		1,802,613	12,515,587

Name of Respondent New England Gas Company, A Division		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004		Year Ending June 30, 2004	
Rhode Island Location							
MISCELLANEOUS DEFERRED DEBITS (ACCOUNT 186)							
1. Report below the details called for concerning miscellaneous deferred debits. 2. For any deferred debit being amortized, show period of amortization in column (a). 3. Minor items (less than \$250,000) may be grouped by classes.							
Line No.	Description of Miscellaneous Deferred Debits (a)	Balance at Beginning of Year (b)	Debits (c)	CREDITS		Balance at End of Year (f)	
				Account Charged (d)	Amount (e)		
1							
2							
3	Deferred Networking Cost	33,823		874	7,059	26,764	
4							
5	Def'd Revenue Unbilled	4,126,378	43,933,592	480	45,094,929	2,965,041	
6							
7	Cash Value of Life Insurance	1,167,441	977,267	131	140,488	2,004,220	
8							
9	Conversion	1,736,594	595,220	107	2,264,588	67,226	
10							
11	Deferred Contract Expense	337,430	702	923	77,769	260,363	
12							
13	Deferred Pension RJF	153,441	266	926,431	32,812	120,895	
14							
15	IRP	24,000		-	0	24,000	
16							
17	FAS 87	308,972	119,866	253,242	47,371	381,467	
18							
19	Deferred Time Keeping	8,568		107	8,568	0	
20							
21							
22							
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40							
41	Miscellaneous Work in Progress	185,968				70,128	
42		8,082,615	45,626,913		47,673,584	5,920,104	

Name of Respondent New England Gas Company, A Division of	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location			

ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes.

2. At Other (Specify), include deferrals relating to other income and deductions.

3. At lines 4 and 6, add rows as necessary to report all data. Number the additional rows in sequence 4.01, 4.02, etc. and 6.01, 6.02, etc.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 190 N/A			
2	Electric			
3	Gas			
4	Other (Define)			
5	Total (Total of lines 2 thru 4)			
6	Other (Specify)			
6.01				
6.02				
7	TOTAL Account 190 (Total of lines 5 thru 6.?)			
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

Name of Respondent New England Gas Company, A Division of Southern Union Co	This Report Is: Rhode Island Location	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
This Report Is: A Resubmission			

ACCUMULATED DEFERRED INCOME TAXES (ACCOUNT 190) (Continued)

4. If more space is needed, use separate pages as required.

5. In the space provided below, identify by amount and classification, significant items for which deferred taxes are being provided. Indicate insignificant amounts listed under "Other".

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	DEBITS		CREDITS			
		Acct No. (g)	Amount (h)	Acct No. (i)	Amount (j)		
							1
							2
N/A							3
							4
							5
							6
							6.01
							6.02
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Name of Respondent New England Gas Company, A Division of Southern U	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

CAPITAL STOCK (ACCOUNTS 201 and 204)

1. Report below the details called for concerning common and preferred stock at end of year, distinguishing separate series of any general class. Show separate totals for common and preferred stock.

2. Entries in column (b) should represent the number of shares authorized by the articles of incorporation as amended to end of year.
3. Give details concerning shares of any class and series of stock authorized to be issued by a regulatory commission which have not yet been issued.

Line No.	Class and Series of Stock and Name of Stock Exchange (a)	Number of Shares Authorized by Charter (b)	Par or Stated Value Per Share (c)	Call Price at End of Year (d)
1	N/A			
2				
3				
4				
5				
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Name of Respondent New England Gas Company, A Division		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004	
Rhode Island Location						
CAPITAL STOCK (ACCOUNTS 201 and 204) (Continued)						
4. The identification of each class of preferred stock should show the dividend rate and whether the dividends are cumulative or noncumulative. 5. State in a footnote if any capital stock that has been nominally issued is nominally outstanding at end of year.			6. Give particulars (details) in column (a) of any nominally issued capital stock, reacquired stock, or stock in sinking and other funds which is pledged, stating name of pledgee and purpose of pledge.			
OUTSTANDING PER BALANCE SHEET (Total amount outstanding without reduction for amounts held by respondent.)		HELD BY RESPONDENT				Line No.
		AS REACQUIRED STOCK (Account 217)		IN SINKING AND OTHER FUNDS		
Shares (e)	Amount (f)	Shares (g)	Cost (h)	Shares (i)	Amount (j)	
N/A						1
						2
						3
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Name of Respondent New England Gas Company, A Division of Southern		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
CAPITAL STOCK SUBSCRIBED, CAPITAL STOCK LIABILITY FOR CONVERSION, PREMIUM ON CAPITAL STOCK, AND INSTALLMENTS RECEIVED ON CAPITAL STOCK (ACCOUNTS 202, 203, 205, 206, 207, and 212)				
<p>1. Show for each of the above accounts the amounts applying to each class and series of capital stock.</p> <p>2. For Account 202, <i>Common Stock Subscribed</i> , and Account 205, <i>Preferred Stock Subscribed</i> , show the subscription price and the balance due on each class at the end of year.</p> <p>3. Describe in a footnote the agreement and transactions under which a conversion liability existed under Account 203, <i>Common Stock Liability for Conversion</i> , or Account 206, <i>Preferred Stock Liability for Conversion</i> , at the end of year.</p> <p>4. For Premium on Account 207, <i>Capital Stock</i> , designate with an asterisk in column (b), any amounts representing the excess of consideration received over stated values of stocks without par value.</p>				
Line No.	Name of Account and Description of Item (a)	• (b)	Number of Shares (c)	Amount (d)
1	N/A			
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40	TOTAL		-	-

Name of Respondent New England Gas Company, A Division of Southern		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location				
OTHER PAID-IN CAPITAL (ACCOUNTS 208-211)				
<p>1. Report below the balance at the end of the year and the information specified below for the respective other paid-in capital accounts. Provide a subheading for each account and show a total for the account, as well as a total of all accounts for reconciliation with the balance sheet, page 112. Explain changes made in any account during the year and give the accounting entries effecting such change.</p> <p>(a) <i>Donations Received from Stockholders</i>(Account 208) - State amount and briefly explain the origin and purpose of each donation.</p> <p>(b) <i>Reduction in Par of stated Value of Capital Stock</i>(Account 209) - State amount and briefly explain the capital changes that gave rise to amounts reported under this caption including identification with the class and series of stock to which related.</p> <p>(c) <i>Gain or Resale or Cancellation of Reacquired Capital Stock</i> (Account 210) - Report balance at beginning of year, credits, debits, and balance at end of year with a designation of the nature of each credit and debit identified by the class and series of stock to which related.</p> <p>(d) <i>Miscellaneous Paid-In Capital</i>(Account 211) - Classify amounts included in this account according to captions that, together with brief explanations, disclose the general nature of the transactions that gave rise to the reported amounts.</p>				
Line No.	Item (a)	Amount (b)		
1	N/A			
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Name of Respondent New England Gas Company, A Division of Southern		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location				
DISCOUNT ON CAPITAL STOCK (ACCOUNT 213)				
<p>1. Report the balance at end of year of discount on capital stock for each class and series of capital stock. Use as many rows as necessary to report all data.</p> <p>2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off during the year and specify the account charged.</p>				
Line No.	Class and Series of Stock (a)			Balance at End of Year (b)
1	N/A			
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15	TOTAL			
CAPITAL STOCK EXPENSE (ACCOUNT 214)				
<p>1. Report the balance at end of year of capital stock expenses for each class and series of capital stock. Use as many rows as necessary to report all data. Number the rows in sequence starting from the last row number used for Discount on Capital Stock above.</p> <p>2. If any change occurred during the year in the balance with respect to any class or series of stock, attach a statement giving details of the change. State the reason for any charge-off of capital stock expense and specify the account charged.</p>				
Line No.	Class and Series of Stock (a)			Balance at End of Year (b)
16	N/A			
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29	TOTAL			

Name of Respondent New England Gas Company, A Division of Southern Un	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			
SECURITIES ISSUED OR ASSUMED AND SECURITIES REFUNDED OR RETIRED DURING THE YEAR			
<p>1. Furnish a supplemental statement briefly describing security financing and refinancing transactions during the year and the accounting for the securities, discounts, premiums, expenses, and related gains or losses. Identify as to Commission authorization numbers and dates.</p> <p>2. Provide details showing the full accounting for the total principal amount, par value, or stated value of each class and series of security issued, assumed, retired, or refunded and the accounting for premiums, discounts, expenses, and gains or losses, relating to the securities. Set forth the facts of the accounting clearly with regard to redemption premiums, unamortized discounts, expenses, and gain or losses relating to securities retired or refunded, including the accounting for such amounts carried in the respondent's accounts at the date of the refunding or refinancing transactions with respect to securities previously refunded or retired.</p>		<p>3. Include in the identification of each class and series of security, as appropriate, the interest or dividend rate, nominal date of issuance, maturity date, aggregate principal amount, par value or stated value, and number of shares. Give also the issuance or redemption price and name of the principal underwriting firm through which the security transactions were consummated.</p> <p>4. Where the accounting for amounts relating to securities refunded or retired is other than that specified in General Instruction 17 of the Uniform System of Accounts, cite the Commission authorization for the different accounting and state the accounting method.</p> <p>5. For securities assumed, give the name of the company for which the liability on the securities was assumed as well as details of the transactions whereby the respondent undertook to pay obligations of another company. If any unamortized discount, premiums, expenses, and gains or losses were taken over onto the respondent's books, furnish details of these amounts with amounts relating to refunded securities clearly earmarked.</p>	
N/A			

Name of Respondent New England Gas Company, A Division of S		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
LONG-TERM DEBT (ACCOUNTS 221, 222, 223, and 224)				
<p>1. Report by Balance Sheet Account the details concerning long-term debt included in Account 221, <i>Bonds</i>, 222, <i>Reacquired Bonds</i>, 223, <i>Advances from Associated Companies</i>, and 224, <i>Other Long-Term Debt</i>.</p> <p>2. For bonds assumed by the respondent, include in column (a) the name of the issuing company as well as a description of the bonds.</p> <p>3. For Advances from Associated Companies, report separately advances on notes and advances on open accounts. Designate demand notes as such. Include in column (a) names of associated companies from which advances were received.</p> <p>4. For receivers' certificates, show in column (a) the name of the court and date of court order under which such certificates were issued.</p>				
Line No.	Class and Series of Obligation and Name of Stock Exchange (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding (Total amount outstanding without reduction for amounts held by respondent) (d)
1	N/A			
2				
3				
4				
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Name of Respondent New England Gas Company, A Division of Southern Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004		
Rhode Island Location					
LONG-TERM DEBT (ACCOUNT 221, 222, 223 and 224) (Continued)					
<p>5. In a supplemental statement, give explanatory details for Accounts 223 and 224 of net changes during the year. With respect to long-term advances, show for each company: (a) principal advanced during year, (b) interest added to principal amount, and (c) principal repaid during year. Give Commission authorization numbers and dates.</p> <p>6. If the respondent has pledged any of its long-term debt securities, give particulars (details) in a footnote, including name of the pledgee and purpose of the pledge.</p>		<p>7. If the respondent has any long-term securities that have been nominally issued and are nominally outstanding at end of year, describe such securities in a footnote.</p> <p>8. If interest expense was incurred during the year on any obligations retired or reacquired before end of year, include such interest expense in column (f). Explain in a footnote any difference between the total of column (f) and the total of Account 427, <i>Interest on Long-Term Debt</i> and Account 430, <i>Interest on Debt to Associated Companies</i>.</p> <p>9. Give details concerning any long-term debt authorized by a regulatory commission but not yet issued.</p>			
INTEREST FOR YEAR		HELD BY RESPONDENT		Redemption Price Per \$100 at End of Year (i)	Line No.
Rate (In %) (e)	Amount (f)	Reacquired Bonds (Account 222) (g)	Sinking and Other Funds (h)		
N/A		-	-	-	1
		-	-	-	2
		-	-	-	3
		-	-	-	4
		-	-	-	5
		-	-	-	6
		-	-	-	7
		-	-	-	8
		-	-	-	9
		-	-	-	10
		-	-	-	11
		-	-	-	12
		-	-	-	13
		-	-	-	14
		-	-	-	15
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Name of Respondent New England Gas Company, A Division of Southern Company		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004	
Rhode Island Location					
UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (ACCOUNTS 181, 225, 226)					
<p>1. Report under separate subheadings for Unamortized Debt Expense, Unamortized Premium on Long-Term Debt and Unamortized Discount on Long-Term Debt, details of expense, premium or discount applicable to each class and series of long-term debt.</p> <p>2. Show premium amounts by enclosing the figures in parentheses.</p> <p>3. In column (b) show the principal amount of bonds or other long-term debt originally issued.</p> <p>4. In column (c) show the expense, premium or discount with respect to the amount of bonds or other long-term debt originally issued.</p>					
Line No.	Designation of Long-Term Debt (a)	Principal Amount of Debt Issued (b)	Total Expense, Premium or Discount (c)	AMORTIZATION PERIOD	
				Date From (d)	Date To (e)
1	N/A				
2					
3					
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6.1					
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42					
43	TOTAL	-	-		

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004		Year Ending June 30, 2004	
Rhode Island Location							
UNAMORTIZED DEBT EXPENSE, PREMIUM AND DISCOUNT ON LONG-TERM DEBT (Accts. 181, 225, 226) (Cont.)							
5. Furnish in a footnote details regarding the treatment of unamortized debt expense, premium or discount associated with issues redeemed during the year. Also, give in a footnote the date of the Commission's authorization of treatment other than as specified by the Uniform System of Accounts.				6. Identify separately undisposed amounts applicable to issues which were redeemed in prior years. 7. Explain any debits and credits other than amortization debited to Account 428, <i>Amortization of Debt Discount and Expense</i> , or credited to Account 429, <i>Amortization of Premium on Debt - Credit</i> .			
Balance at Beginning of Year (f)		Debits During Year (g)		Credits During Year (h)		Balance at End of Year (i)	
N/A							
						1	
						2	
						3	
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						6.1	
						7	
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Name of Respondent New England Gas Company, A Division of So		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004	
Rhode Island Location						
UNAMORTIZED LOSS AND GAIN ON REACQUIRED DEBT (ACCOUNTS 189, 257)						
<p>1. Report under separate subheadings for Unamortized Loss and Unamortized Gain on Reacquired Debt, details of gain and loss, including maturity date, on reacquisition applicable to each class and series of long-term debt. If gain or loss resulted from a refunding transaction, include also the maturity date of the new issue.</p> <p>2. In column (c) show the principal amount of bonds or other long-term debt reacquired.</p> <p>3. In column (d) show the net gain or net loss realized on each debt reacquisition as computed in accordance with General Instruction 17 of the Uniform System of Accounts.</p> <p>4. Show loss amounts by enclosing the figures in parentheses.</p> <p>5. Explain in a footnote any debits and credits other than amortization debited to Account 428.1, <i>Amortization of Loss on Reacquired Debt</i>, or credited to Account 429.1, <i>Amortization of Gain on Reacquired Debt-Credit</i>.</p>						
Line No.	Designation of Long-Term Debt (a)	Date Reacquired (b)	Principal of Debt Reacquired (c)	Net Gain or Net Loss (d)	Balance at Beginning of Year (e)	Balance at End of Year (f)
1	N/A					
2						
3						
4						
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Name of Respondent New England Gas Company, A Division of S	This Report Is: X An Original _____ A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR

1. Give details of the combined prepaid and accrued tax accounts and show the total taxes charged to operations and other accounts during the year. Do not include gasoline and other sales taxes which have been charged to the accounts to which the taxed material was charged. If the actual or estimated amounts of such taxes are known, show the amounts in a footnote and designate whether estimated or actual amounts.

2. Include on this page, taxes paid during the year and charged direct to final accounts, (not charged to prepaid or accrued taxes). Enter the amounts in both columns (d) and (e). The balancing of this

page is not affected by the inclusion of these taxes.

3. Include in column (d) taxes charged during the year, taxes charged to operations and other accounts through (a) accruals credited to taxes accrued, (b) amounts credited to the portion of prepaid taxes chargeable to current year, and (c) taxes paid and charged direct to operations or accounts other than accrued and prepaid tax accounts.

4. List the aggregate of each kind of tax in such a manner that the total tax for each State and subdivision can readily be ascertained.

Line No.	Kind of Tax (See Instruction 5) (a)	BALANCE AT BEGINNING OF YEAR	
		Taxes Accrued (b)	Prepaid Taxes (c)
1	Income Taxes		
2	Federal	(12,367,610)	1,901,805
3	State	(14,003)	
4	City		
5	Taxes Other than Income		
6	Payroll	(9,565)	
7	Ad Valorem	3,756,630	
8	Gross Receipts Tax	(1,575,598)	
9	Franchise Payment - Local		
10	Franchise Tax - State		
11	City Earnings		
12	City Franchise		
13	Compensating Use		
14	Excess & Surplus Insurance		
15	Annual Reports		
16	RI Use Tax	2,936	
17			
18	TOTAL	(10,207,210)	1,901,805

DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)

Line No.	Electric (Account 408.1, 409.1) (i)	Gas (Account 408.1, 409.1) (j)	Other Utility Department Act 163,187 & 184 (k)	Other Income and Deductions (Account 408.2, 409.2) (l)
1	Income Taxes			
2	Federal			
3	State			
4	City			
5	Taxes Other than Income			
6	Payroll	3,082,628		
7	Ad Valorem	7,334,067		
8	Gross Receipts Tax	10,558,530		
9	Franchise Payment - Local			
10	Franchise Tax - State			
11	City Earnings			
12	City Franchise			
13	Compensating Use			
14	Excess & Surplus Insurance			
15	Annual Reports			
16	RI Use Tax	(62,838)		
17				
18	TOTAL	20,912,387	0	0

(30,000)

Name of Respondent New England Gas Company, A Division of	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004		
Rhode Island Location					
TAXES ACCRUED, PREPAID AND CHARGED DURING YEAR (Continued)					
<div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p>5. If any tax (exclude Federal and State income taxes) covers more than one year, show the required information separately for each tax year, identifying the year in column (a).</p> <p>6. Enter all adjustments of the accrued and prepaid tax accounts in column (f) and explain each adjustment in a footnote. Designate debit adjustments by parentheses.</p> <p>7. Do not include on this page entries with respect to deferred income taxes or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.</p> </div> <div style="width: 48%;"> <p>8. Show in columns (i) thru (p) how the taxes accounts were distributed. Show both the utility department and number of account charged. For taxes charged to utility plant, show the number of the appropriate balance sheet plant account or subaccount.</p> <p>9. For any tax apportioned to more than one utility department or account, state in a footnote the basis (necessity) of apportioning such tax.</p> <p>10. Items under \$250,000 may be grouped.</p> </div> </div>					
Taxes Charged During Year (d)	Taxes Paid During Year (e)	Adjustments (f)	BALANCE AT END OF YEAR		Line No.
			Taxes Accrued (Account 236) (g)	Prepaid Taxes Included in Acct. 165) (h)	
		[1] (1,073,937)	(13,441,547)	1,901,805	1
	36,842		22,839		2
			-		3
			-		4
			-		5
3,082,628	(3,527,343)		(454,280)		6
7,334,067	(6,985,273)		4,105,424		7
10,588,530	(11,446,352)		(2,433,420)		8
			-		9
			-		10
			-		11
			-		12
			-		13
			-		14
			-		15
(62,838)		59,902	-		16
			-		17
20,942,387	(21,922,126)	(1,014,035)	(12,200,984)	1,901,805	18
[1] -Reconciliation / Adjustments of Merger related accruals. Balance Sheet only.					
DISTRIBUTION OF TAXES CHARGED (Show utility department where applicable and account charged.)					
Extraordinary Items (Account 409.3) (m)	Other Utility Opn. Income (Account 408.1, 409.1) (n)	Adjustment to Ret. Earnings (Account 439) (o)	Other (p)	Line	
					1
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				-	18

Name of Respondent New England Gas Company, A Division of		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location				
MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES (ACCOUNT 242)				
1. Describe and report the amount of other current and accrued liabilities at the end of year.		2. Minor items (less than \$250,000) may be grouped under appropriate title.		
Line No.	Item (a)	Balance at End of Year (b)		
1	ACCRUED VACATIONS	3,484,676		
2	ACCRUED PAYROILL	224,222		
3	DEFERRED & ACCRUED COMP	1,895,035		
4	ACCRUED NON-OPERATING MERGER EXPENSE	2,076,030		
5	CONTRIBUTIONS IN AID - ADVANCE PAYMENT	831,177		
6	CIAC - TELEMETERING DEVICES	54,225		
7	DEFERRED & ACCRUED WORK COMP	444,375		
8	ACCRUED AUDIT FEES			
9	ACCRUED FAS 106 LIAB S/T	11,949,987		
10	ACCRUED PENSION	(603,973)		
11	MISC			
12				
13				
14				
15				
16				
17				
18				
19				
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44				
45	TOTAL	20,355,754		

Name of Respondent New England Gas Company, A Division of Southern Union		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004	
Rhode Island Location						
OTHER DEFERRED CREDITS (ACCOUNT 253)						
1. Report below the details called for concerning other deferred credits. 2. For any deferred credits being amortized, show the period of amortization. 3. Minor items (less than \$250,000) may be grouped by classes.						
Line No.	Description of Other Deferred Credits (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)
			Contra Account (c)	Amount (d)		
1						-
2						-
3	DEFERRED DIRECTOR FEES	988,696	431	137,759	118,260	969,197
4	DEFERRED HOUSING PROJECT	4,040	419	17,968	13,928	-
5	ADVANCED PAYMENTS SERVICE CONTRACTS	262,946	488	1,385,746	1,382,968	260,188
6	CONSERVATION FUND	489,879	431	732,212	721,060	478,727
7	DEFERRED PENSION FASB 87	19,922,613	926	9,871,922	6,748,262	16,798,953
8	ACCRUED FAS 109 LIAB	1,802,439	-			1,802,439
9	MISC	620	Various	1,152	6,232	5,700
10						-
11						-
12						-
13						-
14						-
15						-
16						-
17						-
18						-
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36						-
37						-
38						-
39						-
40						-
41						-
42						-
43						-
44						-
45						-
46						-
47		23,471,233		12,146,759	8,990,730	20,315,204

Name of Respondent New England Gas Company, A Division of Southern		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location					
ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (ACCOUNT 282)					
1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to property not subject to accelerated amortization.			2. For Other, include deferrals relating to other income and deductions.		
Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)	
1	Account 282 N/A				
2	Electric				
3	Gas				
4	Other (Define)				
5	Total (Enter Total of lines 2 thru 4)				
6	Other (Specify)				
6.01					
6.02					
7	TOTAL Account 282 (Enter Total of lines 5 thru 6.?)				
8	Classification of TOTAL				
9	Federal Income Tax				
10	State Income Tax				
11	Local Income Tax				

Name of Respondent New England Gas Company, A Division of Southern Un	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

ACCUMULATED DEFERRED INCOME TAXES-OTHER PROPERTY (ACCOUNT 282) (Continued)

3. Add rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02 and 6.01, 6.02, etc. Use separate pages as required.

CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Acct No. (g)	Amount (h)	Acct No. (i)	Amount (j)		
							1
							2
N/A							3
							4
							5
							6
							6.01
							6.02
							7
							8
							9
							10
							11

Name of Respondent New England Gas Company, A Division	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

ACCUMULATED DEFERRED INCOME TAXES - OTHER (Account 283)

1. Report the information called for below concerning the respondent's accounting for deferred income taxes relating to amounts recorded in Account 283.

2. For Other, include deferrals relating to other income and deductions.

Line No.	Account Subdivisions (a)	Balance at Beginning of Year (b)	CHANGES DURING YEAR	
			Amounts Debited to Account 410.1 (c)	Amounts Credited to Account 411.1 (d)
1	Account 283			
2	Electric			
3	Gas (Accelerated Depreciation)	28,202,584		
4	Other (Define) FAS 109	4,259,975		
5	Total (Total of lines 2 thru 4)	32,462,559		
6	Other (Specify)			
6.01	Miscellaneous	(146,070)		
6.02				
7	TOTAL Account 283 (Total of lines 5 thru 6.?)	32,316,489	-	-
8	Classification of TOTAL			
9	Federal Income Tax			
10	State Income Tax			
11	Local Income Tax			

Name of Respondent New England Gas Company, A Division of Southern Un		This Report Is: <input checked="" type="checkbox"/> An Original A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004		
Rhode Island Location							
ACCUMULATED DEFERRED INCOME TAXES-OTHER (ACCOUNT 283) (Continued)							
<p>3. Provide in a footnote explanations for pages 276 and 277. Include amounts relating to insignificant items listed under Other.</p> <p>4. Add additional rows as necessary to report all data. When rows are added, the additional row numbers should follow in sequence, 4.01, 4.02, and 6.01, 6.02, etc. Use separate pages as required.</p>							
CHANGES DURING YEAR		ADJUSTMENTS				Balance at End of Year (k)	Line No.
Amounts Debited to Account 410.2 (e)	Amounts Credited to Account 411.2 (f)	Debits		Credits			
		Account No. (g)	Amount (h)	Account No. (i)	Amount (j)		
							1
							2
					5,546,432	33,749,016	3
						4,259,975	4
			5,546,432			26,916,127	5
						-	6
						(146,070)	6.01
						-	6.02
		-	5,546,432	-	5,546,432	32,316,489	7
							8
						-	9
						-	10
							11

Name of Respondent New England Gas Company, A Division of Southern Union		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004		Year Ending June 30, 2004	
Rhode Island Location							
OTHER REGULATORY LIABILITIES (ACCOUNT 254)							
1. Report below the details called for concerning other regulatory liabilities which are created through the ratemaking actions of regulatory agencies (and not includable in other amounts).				2. For regulatory liabilities being amortized, show period of amortization in column (a). 3. Minor items (5% of the Balance at End of Year for Account 254 or amounts less than \$250,000, whichever is less) may be grouped by classes.			
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Year (b)	DEBITS		Credits (e)	Balance at End of Year (f)	
			Account Credited (c)	Amount (d)			
1							
2	ACCRUED ENVIRONMENTAL EXPENSE	1,189,804	405	164,898	4,429	1,029,335	
3	LIABILITY & DAMAGE RESERVE	659,824	925	788,966	1,143,552	1,014,410	
4	DSM REBATE PROGRAM	1,408,123	480	701,200	300,000	1,006,923	
5	WEATHERIZATION PROGRAM	(50,000)	480	200,000	200,000	(50,000)	
6	DEFERRED REVENUE NON-FIRM MARGIN	637,789	480	1,162,361	1,003,497	478,925	
7	DEFERRED REVENUE WEATHER MITIGATION	(214,200)	480	796,427	2,384,224	1,373,597	
8	DEFERRED REVENUE GCC	(8,704,116)	480	24,919,126	30,362,733	(3,260,509)	
9	DEFERRED REVENUE OVER/UNDER EARNINGS	9,132,152	480	11,931,968	3,761,585	961,769	
10	DEFERRED REVENUE DISTRIB ADJ CLAUSE	(408,158)	480	1,386,528	1,470,132	(324,554)	
11	DEFERRED REVENUE RECONCILAITION FACTOR	-	480	399,593	345,584	(54,009)	
12	DEFERRED REVENUE ENVIRONMENTAL DAC	-	480	574,004	661,542	87,538	
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44							
45	TOTAL	3,651,218		43,025,071	41,637,278	2,263,425	

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending June 30, 2004	
Rhode Island Location							
GAS OPERATING REVENUES							
1. Report below natural gas operating revenues for each prescribed account total. The amounts must be consistent with the detailed data on succeeding pages. 2. Revenues in columns (b) and (c) include transition costs from upstream pipelines.				3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e). Include in columns (f) and (g) revenues for Accounts 480-495.			
Line No.	Title of Account (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA			
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)		
1	480-484 Sales						
2	485 Intracompany Transfers	-	-	-	-		
3	487 Forfeited Discounts	-	-	-	-		
4	488 Miscellaneous Service Revenues	-	-	-	-		
5	489.1 Revenues from Transportation of Gas of Others Through Gathering Facilities	-		-	-		
6	489.2 Revenues from Transportation of Gas of Others Through Transmission Facilities	-		-	-		
7	489.3 Revenues from Transportation of Gas of Others Through Distribution Facilities	-	-	-	-		
8	489.4 Revenues from Storing Gas of Others	-	-	-	-		
9	490 Sales of Prod. Ext. from Natural Gas	-	-	-	-		
10	491 Revenues form Natural Gas Proc. by Others	-	-	-	-		
11	492 Incidental Gasoline and Oil Sales	-	-	-	-		
12	493 Rent from Gas Property	-	-	-	-		
13	494 Interdepartmental Rents	-	-	-	-		
14	495 Other Gas Revenues	-	-	-	-		
15	Subtotal:	-	-	-	-		
16	496 (Less) Provision for Rate Refunds	-	-	-	-		
17	TOTAL:	0	0	-	-		

Name of Respondent New England Gas Company, A Division of Southern Union Co			This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending June 30, 2004	
Rhode Island Location								
GAS OPERATING REVENUES (Continued)								
4. If increases or decreases from previous year are not derived from previously reported figures, explain any inconsistencies in a footnote. 5. On Page 108, include information on major changes during the year, new service, and important rate increases or decreases.					6. Report the revenues from transportation services that are bundled with storage services as transportation service revenue.			
OTHER REVENUES			TOTAL OPERATING REVENUES			MCF OF NATURAL GAS		
Line No.		Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)		Amounts for Current Year (j)	Amount for Previous Year (k)	
1	368,640,597	320,418,201	368,640,597	320,418,201		29,938,582	29,580,963	
2	-	-	-	-				
3			-	-				
4			-	-				
5				-				
6			-	-				
7	10,001,374	13,153,793	10,001,374	13,153,793		7,717,113	9,059,634	
8	-	-	-	-		-	-	
9	-	-	-	-				
10	-	-	-	-				
11	-	-	-	-				
12	261,000	261,200	261,000	261,200				
13			-	-				
14	892,131	1,012,294	892,131	1,012,294				
15	379,795,102	334,845,488	379,795,102	334,845,488				
16	-	-	-	-				
17	379,795,102	334,845,488	379,795,102	334,845,488				
- - - - -								

Name of Respondent New England Gas Company, A Division of Southern Union C		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending June. 30, 2004	
Rhode Island Location							
REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (ACCOUNT 489.1)							
1. Report revenues and Dth of gas delivered through gathering facilities by zone of receipt (i.e. state in which gas enters respondent's system).				2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.			
Line No.	Rate Schedule and Zone of Receipt (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA			
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)		
1	N/A	-		-	-		
2		-	-	-	-		
3		-	-	-	-		
4							
5							
6							
7							
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Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) June 30, 2004		Year Ending June 30, 2004
Rhode Island Location						
REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH GATHERING FACILITIES (Continued)						
3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges, less revenues reflected in columns (b) through (e).				4. Delivered Dth of gas must not be adjusted for discounting.		
OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS		Line No.
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)	
N/A						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
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Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending June 30, 2004	
Rhode Island Location							
REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (ACCOUNT 489.2)							
1. Report revenues and Dth of gas delivered by Zone of Delivery by Rate Schedule. Total by Zone of Delivery and for all zones. If respondent does not have separate zones, provide totals by rate schedule. 2. Revenues for penalties including penalties for unauthorized				overruns must be reported on page 308. 3. Other Revenues in columns (f) and (g) include reservation charges received by the pipeline plus usage charges for transportation and hub services, less revenues reflected in columns (b) through (e).			
Line No.	Zone of Delivery, Rate Schedule (a)	REVENUES for Transition Costs and Take-or-Pay		REVENUES for GRI and ACA		Amount for Current Year (d)	Amount for Previous Year (e)
		Amount for Current Year (b)	Amount for Previous Year (c)				
1	N/A						
2							
3							
4							
5							
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Name of Respondent New England Gas Company, A Division of Southern Union Co	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location			

REVENUES FROM TRANSPORTATION OF GAS OF OTHERS THROUGH TRANSMISSION FACILITIES (Continued)

4. Delivered Dth of gas must not be adjusted for discounting.
5. Each incremental rate schedule and each individually certificated rate schedule must be separately reported.
6. Where transportation services are bundled with storage services, report total revenues but only transportation Dth.

OTHER REVENUES		TOTAL OPERATING REVENUES		MCF OF NATURAL GAS		Line No.
Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	Amount for Current Year	Amount for Previous Year	
(f)	(g)	(h)	(i)	(j)	(k)	
N/A						1
						2
						3
						4
						5
						6
						7
						8
						9
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Name of Respondent New England Gas Company, A Division of Southern Union Co	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location			

REVENUES FROM STORING GAS OF OTHERS (ACCOUNT 489.4)

1. Report revenues and Dth of gas withdrawn from storage by Rate Schedule and in total.

2. Revenues for penalties including penalties for unauthorized overruns must be reported on page 308.

3. Other Revenues in columns (f) and (g) include reservation charges, deliverability charges, injection and withdrawal charges, less revenues reflected in columns (b) through (e).

Line No.	Rate Schedule (a)	REVENUES for Transition Cost and Take-or-Pay		REVENUES for GRI and ACA	
		Amount for Current Year (b)	Amount for Previous Year (c)	Amount for Current Year (d)	Amount for Previous Year (e)
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
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Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004	
Rhode Island Location						
REVENUES FROM STORING GAS OF OTHERS (ACCOUNT 489.4) (Continued)						
4. Dth of gas withdrawn from storage must not be adjusted for discounting.			5. Where transportation services are bundled with storage services, report only Dth withdrawn from storage.			
OTHER REVENUES		TOTAL OPERATING REVENUES		DEKATHERM OF NATURAL GAS		Line No.
Amount for Current Year (f)	Amount for Previous Year (g)	Amount for Current Year (h)	Amount for Previous Year (i)	Amount for Current Year (j)	Amount for Previous Year (k)	
N/A						1
						2
						3
						4
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Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
OTHER GAS REVENUES (ACCOUNT 495)				
<p>1. For transactions with annual revenues of \$250,000 or more, describe, for each transaction, commissions on sales of distributions of gas of others, compensation for minor or incidental services provided for others, penalties, profit or loss on sales of material and supplies, sales of steam, water, or electricity, miscellaneous royalties, revenues from dehydration, other processing of gas of others, and gains on settlements of imbalance receivables. Separately report revenues from cash-out penalties.</p>				
Line No.	Description of Transaction (a)	Revenues (in dollars) (b)		
1				
2				
3	OTHER REVENUE - DISPLACEMENT REVENUE	829,836		
4	OTHER REVENUE - CELL TOWER RENTAL	50,992		
5	OTHER REVENUE - LATE PYMT	0		
6	OTHER REVENUE - CGA	11,303		
7				
8				
9				
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11				
12				
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24				
25	TOTAL	892,131		

Name of Respondent New England Gas Company, A Division of Southern	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) (June 30, 2004)	Year Ending June 30, 2004
Rhode Island Location			

GAS OPERATION AND MAINTENANCE EXPENSES

1. Report operation and maintenance expenses. If the amount for previous year is not derived from previously reported figures, explain in footnote.

2. Provide in footnotes the source of the index used to determine the price for gas supplied by shippers as reflected on line 74.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. PRODUCTION EXPENSES		
2	A. Manufactured Gas Production		
3	Manufactured Gas Production (<i>Submit Supplemental Statement Page 317a</i>)	529,334	978,513
4	B. Natural Gas Production		
5	B1. Natural Gas Production and Gathering		
6	Operation		
7	750 Operation Supervision and Engineering		
8	751 Production Maps and Records		
9	752 Gas Well Expenses		
10	753 Field Lines Expenses		
11	754 Field Compressor Station Expenses		
12	755 Field Compressor Station Fuel and Power		
13	756 Field Measuring and Regulating Station Expenses		
14	757 Purification Expenses		
15	758 Gas Well Royalties		
16	759 Other Expenses		
17	760 Rents		
18	TOTAL Operation (Total of lines 7 thru 17)	-	-
19	Maintenance		
20	761 Maintenance Supervision and Engineering		
21	762 Maintenance of Structures and Improvements		
22	763 Maintenance of Producing Gas Wells		
23	764 Maintenance of Field Lines		
24	765 Maintenance of Field Compressor Station Equipment		
25	766 Maintenance of Field Measuring and Regulating Station Equipment		
26	767 Maintenance of Purification Equipment		
27	768 Maintenance of Drilling and Cleaning Equipment		
28	769 Maintenance of Other Equipment		
29	TOTAL Maintenance (Total of lines 20 thru 28)	-	-
30	TOTAL Natural Gas Production and Gathering (Total of lines 18 and 29)	-	-

NEW ENGLAND GAS COMPANY
MANUFACTURED GAS PRODUCTION
SUPPLEMENTAL STATEMENT

	FERC ACCOUNT	DESCRIPTION	AMOUNT CURRENT YEAR	AMOUNT PREVIOUS YEAR	
1	717	Liquid Petroleum Gas Expense	122,607	160,379	1
2	728	Liquid Petroleum Gas	404,275	755,558	2
3	735	Miscellaneous Production Expense	0	9,146	3
4	741	Maintenance of Structures & Improvements	1,152	6,422	4
5	742	Maintenance of Production Equipment	1,300	47,008	5
6		Total	<u>529,334</u>	<u>978,513</u>	6

Name of Respondent New England Gas Company, A Division of Southern Union		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
31	B2. Products Extraction			
32	Operation			
33	770 Operation Supervision and Engineering			
34	771 Operation Labor			
35	772 Gas Shrinkage			
36	773 Fuel			
37	774 Power			
38	775 Materials			
39	776 Operation Supplies and Expenses			
40	777 Gas Processed by Others			
41	778 Royalties on Products Extracted			
42	779 Marketing Expenses			
43	780 Products Purchased for Resale			
44	781 Variation in Products Inventory			
45	(Less) 782 Extracted Products Used by the Utility - Credit			
46	783 Rents			
47	TOTAL Operation (Total of lines 33 thru 46)	-	-	
48	Maintenance			
49	784 Maintenance Supervision and Engineering			
50	785 Maintenance of Structures and Improvements			
51	786 Maintenance of Extraction and Refining Equipment			
52	787 Maintenance of Pipe Lines			
53	788 Maintenance of Extracted Products Storage Equipment			
54	789 Maintenance of Compressor Equipment			
55	790 Maintenance of Gas Measuring and Regulating Equipment			
56	791 Maintenance of Other Equipment			
57	TOTAL Maintenance (Total of lines 49 thru 56)	-	-	
58	TOTAL Products Extraction (Total of lines 47 and 57)	-	-	

Name of Respondent New England Gas Company, A Division of S		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
59	C. Exploration and Development			
60	Operation			
61	795 Delay Rentals			
62	796 Nonproductive Well Drilling			
63	797 Abandoned Leases			
64	798 Other Exploration			
65	TOTAL Exploration and Development (Total of lines 61 thru 64)	-	-	
66	D. Other Gas Supply Expenses			
67	Operation			
68	800 Natural Gas Well Head Purchases			
69	800.1 Natural Gas Well Head Purchases, Intracompany Transfers			
70	801 Natural Gas Field Line Purchases			
71	802 Natural Gas Gasoline Plant Outlet Purchases			
72	803 Natural Gas Transmission Line Purchases			
73	804 Natural Gas City Gate Purchases	229,384,843	204,406,035	
74	804.1 Liquefied Natural Gas Purchases			
75	805 Other Gas Purchases			
76	(Less) 805.1 Purchased Gas Cost Adjustments	4,554,018	(7,128,721)	
77	TOTAL Purchased Gas (Total of lines 68 thru 76)	233,938,861	197,277,314	
78	806 Exchange Gas			
79	Purchased Gas Expenses			
80	807.1 Well Expense - Purchased Gas			
81	807.2 Operation of Purchased Gas Measuring Stations			
82	807.3 Maintenance of Purchased Gas Measuring Stations			
83	807.4 Purchased Gas Calculations Expenses			
84	807.5 Other Purchased Gas Expenses			
85	TOTAL Purchased Gas Expenses (Total of lines 80 thru 84)	-	-	

Name of Respondent New England Gas Company, A Division of S		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)
86	808.1	Gas Withdrawn from Storage - Debit		
87	(Less)	808.2 Gas Delivered to Storage - Credit		
88	809.1	Withdrawals of Liquefied Natural Gas for Processing - Debit		
89	(Less)	809.2 Deliveries of Natural Gas for Processing - Credit		
90	Gas Used in Utility Operations - Credit			
91	810	Gas Used for Compressor Station Fuel - Credit		
92	811	Gas Used for Products Extraction - Credit		
93	812	Gas Used for Other Utility Operations - Credit	(713,455)	(367,321)
94	TOTAL Gas Used in Utility Operations - Credit (Total of lines 91 thru 93)		(713,455)	(367,321)
95	813	Other Gas Supply Expenses	(3,704,804)	(3,130,676)
96	TOTAL Other Gas Supply Exp. (Total of lines 77, 78, 85, 86 thru 89, 94,95)		229,520,602	193,779,317
97	TOTAL Production Expenses (Total of lines 3, 30, 58, 65, and 96)		230,049,936	194,757,830
98	2. NATURAL GAS STORAGE, TERMINALING AND PROCESSING EXPENSES			
99	A. Underground Storage Expense			
100	Operation			
101	814	Operation Supervision and Engineering		
102	815	Maps and Records		
103	816	Wells Expenses		
104	817	Lines Expenses		
105	818	Compressor Station Expenses		
106	819	Compressor Station Fuel and Power		
107	820	Measuring and Regulating Station Expenses		
108	821	Purification Expenses		
109	822	Exploration and Development		
110	823	Gas Losses		
111	824	Other Expenses		
112	825	Storage Well Royalties		
113	826	Rents		
114	TOTAL Operation (Total of lines 101 thru 113)		-	-

Name of Respondent New England Gas Company, A Division of		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location					
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)					
Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)	
115	Maintenance				
116	830	Maintenance Supervision and Engineering			
117	831	Maintenance of Structures and Improvements			
118	832	Maintenance of Reservoirs and Wells			
119	833	Maintenance of Lines			
120	834	Maintenance of Compressor Station Equipment			
121	835	Maintenance of Measuring and Regulating Station Equipment			
122	836	Maintenance of Purification Equipment			
123	837	Maintenance of Other Equipment			
124	TOTAL Maintenance (Total of lines 116 thru 123)		-	-	
125	TOTAL Underground Storage Expenses (Total of lines 114 and 124)		-	-	
126	B. Other Storage Expenses				
127	Operation				
128	840	Operation Supervision and Engineering			
129	841	Operation Labor and Expenses	683,961	722,213	
130	842	Rents	20,540	16,120	
131	842.1	Fuel	24,180	23,835	
132	842.2	Power	-	9,452	
133	842.3	Gas Losses		-	
134	TOTAL Operation (Total of lines 128 thru 133)		728,681	771,620	
135	Maintenance				
136	843.1	Maintenance Supervision and Engineering			
137	843.2	Maintenance of Structures and Improvements			
138	843.3	Maintenance of Gas Holders			
139	843.4	Maintenance of Purification Equipment			
140	843.5	Maintenance of Liquefaction Equipment			
141	843.6	Maintenance of Vaporizing Equipment			
142	843.7	Maintenance of Compressor Equipment			
143	843.8	Maintenance of Measuring and Regulating Equipment			
144	843.9	Maintenance of Other Equipment			
145	TOTAL Maintenance (Total of lines 136 thru 144)		-	-	
146	TOTAL Other Storage Expenses (Total of lines 134 and 145)		728,681	771,620	

Name of Respondent New England Gas Company, A Division of S Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
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GAS OPERATION AND MAINTENANCE EXPENSES (Continued)

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
147	C. Liquefied Natural Gas Terminating and Processing Expenses		
148	Operation		
149	844.1 Operation Supervision and Engineering		
150	844.2 LNG Processing Terminal Labor and Expenses	51,705	64,637
151	844.3 Liquefaction Processing Labor and Expenses		
152	844.4 Liquefaction Transportation Labor and Expenses		
153	844.5 Measuring and Regulating Labor and Expenses		
154	844.6 Compressor Station Labor and Expenses		
155	844.7 Communication System Expenses		
156	844.8 System Control and Load Dispatching		
157	845.1 Fuel		
158	845.2 Power		
159	845.3 Rents		
160	845.4 Demurrage Charges		
161	(Less) 845.5 Wharfage Receipts - Credit		
162	845.6 Processing Liquefied or Vaporized Gas by Others		
163	846.1 Gas Losses		
164	846.2 Other Expenses		
165	TOTAL Operation (Total of lines 149 thru 164)	51,705	64,637
166	Maintenance		
167	847.1 Maintenance Supervision and Engineering		
168	847.2 Maintenance of Structures and Improvements		
169	847.3 Maintenance of LNG Processing Terminal Equipment	47,533	46,093
170	847.4 Maintenance of LNG Transportation Equipment		
171	847.5 Maintenance of Measuring and Regulating Equipment	981	8,131
172	847.6 Maintenance of Compressor Station Equipment		
173	847.7 Maintenance of Communication Equipment		
174	847.8 Maintenance of Other Equipment	26,654	39,988
175	TOTAL Maintenance (Total of lines 167 thru 174)	75,168	94,212
176	TOTAL Liquefied Nat Gas Terminating and Proc Exp (Total of lines 165 and 175)	126,873	158,849
177	TOTAL Natural Gas Storage (Total of lines 125, 146, and 176)	855,554	930,469

Name of Respondent New England Gas Company, A Division of		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
178	3. TRANSMISSION EXPENSES			
179	Operation			
180	850 Operation Supervision and Engineering			
181	851 System Control and Load Dispatching			
182	852 Communication System Expenses			
183	853 Compressor Station Labor and Expenses			
184	854 Gas for Compressor Station Fuel			
185	855 Other Fuel and Power for Compressor Stations			
186	856 Mains Expenses			
187	857 Measuring and Regulating Station Expenses			
188	858 Transmission and Compression of Gas by Others			
189	859 Other Expenses			
190	860 Rents			
191	TOTAL Operation (Total of lines 180 thru 190)	-	-	
192	Maintenance			
193	861 Maintenance Supervision and Engineering			
194	862 Maintenance of Structures and Improvements			
195	863 Maintenance of Mains			
196	864 Maintenance of Compressor Station Equipment			
197	865 Maintenance of Measuring and Regulating Station Equipment			
198	866 Maintenance of Communication Equipment			
199	867 Maintenance of Other Equipment			
200	TOTAL Maintenance (Total of lines 193 thru 199)	-	-	
201	TOTAL Transmission Expenses (Total of lines 191 and 200)	-	-	
202	4. DISTRIBUTION EXPENSES			
203	Operation			
204	870 Operation Supervision and Engineering	1,302,816	905,407	
205	871 Distribution Load Dispatching	1,019,655	1,837,343	
206	872 Compressor Station Labor and Expenses	-	(1,166)	
207	873 Compressor Station Fuel and Power	85,231	77,525	

Name of Respondent New England Gas Company, A Division of		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)		Amount for Current Year (b)	Amount for Previous Year (c)
208	874	Mains and Services Expenses	3,384,806	3,132,115
209	875	Measuring and Regulating Station Expenses - General	59,036	136,837
210	876	Measuring and Regulating Station Expenses - Industrial	-	
211	877	Measuring and Regulating Station Expenses - City Gas Check Station	46,573	33,081
212	878	Meter and House Regulator Expenses	1,715,880	1,738,730
213	879	Customer Installations Expenses	2,914,318	2,368,956
214	880	Other Expenses	2,543,322	2,531,674
215	881	Rents	(2,990)	19,437
216	TOTAL Operation (Total of lines 204 thru 215)		13,068,647	12,779,939
217	Maintenance			
218	885	Maintenance Supervision and Engineering	10,643	253,873
219	886	Maintenance of Structures and Improvements	545,839	451,929
220	887	Maintenance of Mains	3,012,540	2,844,843
221	888	Maintenance of Compressor Station Equipment		
222	889	Maintenance of Measuring and Regulating Station Equipment - General	295,224	298,920
223	890	Maintenance of Meas. and Reg. Station Equipment - Industrial		
224	891	Maintenance of Meas. and Reg. Station Equip. - City Gate Check Station	78,336	118,955
225	892	Maintenance of Services	426,351	515,967
226	893	Maintenance of Meters and House Regulators	953,794	575,682
227	894	Maintenance of Other Equipment	125,050	157,875
228	TOTAL Maintenance (Total of lines 218 thru 227)		5,447,777	5,218,044
229	TOTAL Distribution Expenses (Total of lines 216 and 228)		18,516,424	17,997,983
230	5. CUSTOMER ACCOUNTS EXPENSES			
231	Operation			
232	901	Supervision		
233	902	Meter Reading Expenses	1,083,650	990,883
234	903	Customer Records and Collection Expenses	7,205,243	7,086,518

Name of Respondent New England Gas Company, A Division		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
GAS OPERATION AND MAINTENANCE EXPENSES (Continued)				
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)	
235	904 Uncollectible Accounts	9,149,630	5,362,050	
236	905 Miscellaneous Customer Accounts Expenses	1,070,978	840,921	
237	TOTAL Customer Accounts Expenses (Total of lines 232 thru 236)	18,509,501	14,280,372	
238	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
239	Operation			
240	907 Supervision			
241	908 Customer Assistance Expenses			
242	909 Information and Instructional Expenses			
243	910 Miscellaneous Customer Service and Informational Expenses	373,166	712,978	
244	TOTAL Customer Service and Information Expenses (Total of lines 240 thru 243)	373,166	712,978	
245	7. SALES EXPENSES			
246	Operation			
247	911 Supervision	83,445	146,556	
248	912 Demonstrating and Selling Expenses	201,895	82,752	
249	913 Advertising Expenses			
250	916 Miscellaneous Sales Expenses	141,883	103,630	
251	TOTAL Sales Expenses (Total of lines 247 thru 250)	427,223	332,938	
252	8. ADMINISTRATIVE AND GENERAL EXPENSES			
253	Operation			
254	920 Administrative and General Salaries	11,066,365	9,034,506	
255	921 Office Supplies and Expenses	3,161,409	3,409,062	
256	(Less) 922 Administrative Expenses Transferred - Credit	(4,315,830)	(4,350,928)	
257	923 Outside Services Employed	1,478,522	3,160,640	
258	924 Property Insurance	1,676,754	932,961	
259	925 Injuries and Damages	2,495,938	1,382,827	
260	926 Employee Pensions and Benefits	17,425,261	12,763,577	
261	927 Franchise Requirements			
262	928 Regulatory Commission Expenses	1,645,199	1,567,959	
263	(Less) 929 Duplicate Charges - Credit			
264	930.1 General Advertising Expenses	1,757	(39,577)	
265	930.2 Miscellaneous General Expenses	2,967,264	2,880,112	
266	931 Rents	(37,588)	254,133	
267	932 Maintenance of General Plant	387,725	515,807	
268	TOTAL Operation (Total of lines 254 thru 267)	37,952,776	31,511,079	
269				
270	935 Maintenance of General Plant			
271	TOTAL Administrative and General Expenses (Total of lines 267 and 269)	37,952,776	31,511,079	
272	TOTAL Gas O&M Expenses (Total of lines 97, 177, 201, 229, 237, 244, 251, and 270)	306,684,580	260,523,649	

Name of Respondent New England Gas Company, A Division of Southern Union Co Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
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EXCHANGE AND IMBALANCE TRANSACTIONS

1. Report below details by zone and rate schedule concerning the gas quantities and related dollar amounts of imbalance associated with system balancing and no-notice service. Also, report certificated natural gas exchange transactions during the year. Provide subtotals for imbalance and no-notice quantities for exchanges.

If respondent does not have separate zones, provide totals by rate schedule. Minor exchange transactions (less than 100,000 Dth) may be grouped.

Line No.	Zone/Rate Schedule (a)	Gas Received From Others		Gas Delivered to Others	
		Amount (b)	Mcf (c)	Amount (d)	Mcf (e)
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	TOTAL	-	-	-	-

Name of Respondent New England Gas Company, A Division of Southern Union			This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location						
GAS USED IN UTILITY OPERATIONS						
1. Report below details of credits during the year to Accounts 810, 811, and 812.				2. If any natural gas was used by the respondent for which a charge was not made to the appropriate operating expense or other account, list separately in column (c) the Dth of gas used, omitting entries in column (d).		
Line No.	Purpose for Which Gas Was Used (a)	Account Charged (b)	Natural Gas		Manufactured Gas	
			Gas Used (Mcf) (c)	Amount of Credit (in dollars) (d)	Gas Used (Dth) (e)	Amount of Credit (f)
1	810 Gas Used for Compressor Station Fuel - Credit					
2	811 Gas Used for Products Extraction - Credit					
3	Gas Shrinkage and Other Usage in Respondent's Own Processing					
4	Gas Shrinkage, etc. for Respondent's Gas Processed by Others					
5	812 Gas Used for Other Utility Operations - Credit (Report separately for each principal use. Group minor uses.)	Various	110,643	713,455		
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25	TOTAL		110,643	713,455	-	-

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location				
TRANSMISSION AND COMPRESSION OF GAS BY OTHERS (ACCOUNT 858)				
<p>1. Report below details concerning gas transported or compressed for respondent by others equaling more than 1,000,000 Dth and amounts of payments for such services during the year. Minor items (less than 1,000,000) Dth may be grouped. Also, include in column (c) amounts paid as transition costs to an upstream pipeline.</p> <p>2. In column (a) give name of companies, points of delivery and receipt of gas. Designate points of delivery and receipt so that they can be identified readily on a map of respondent's pipeline system.</p> <p>3. Designate associated companies with an asterisk in column (b).</p>				
Line No.	Name of Company and Description of Service Performed (a)	*	Amount of Payment (in dollars) (c)	Dth of Gas Delivered (d)
1	N/A			
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25		TOTAL		

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location				
OTHER GAS SUPPLY EXPENSES (ACCOUNT 813)				
1. Report other gas supply expenses by descriptive titles that clearly indicate the nature of such expenses. Show maintenance expenses, revaluation of monthly encroachments recorded in Account		117.4, and losses on settlements of imbalances and gas losses not associated with storage separately. Indicate the functional classification and purpose of property to which any expenses relate. List separately items of \$250,000 or more.		
Line No.	Description (a)	Amount (in dollars) (b)		
1				
2	Marketer and Capacity Release	(3,704,804)		
3		-		
4		-		
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	TOTAL	(3,704,804)		

Name of Respondent New England Gas Company, A Division of Southern Union Co		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
MISCELLANEOUS GENERAL EXPENSES (ACCOUNT 930.2)				
1. Provide the information requested below on miscellaneous general expenses.		2. For Other Expenses, show the (a) purpose, (b) recipient and (c) amount of such items. List separately amounts of \$250,000 or more however, amounts less than \$250,000 may be grouped if the number of items of so grouped is shown.		
Line No.	Description (a)	Amount (in dollars) (b)		
1	Industry association dues.	-		
2	Experimental and general research expenses. a. Gas Research Institute (GRI) b. Other			
3	Publishing and distributing information and reports to stockholders, trustee, registrar, and transfer agent fees and expenses, and other expenses of servicing outstanding securities of the respondent			
4	Other expenses	192,187		
5	Other Miscellaneous General Expenses (no items > \$250,000)			
6				
7	DSM Rebate	316,276		
8	Low Income Assistance Expense	1,686,751		
9	Weatherization Program Expense	200,000		
10	Amortization Integration Expenses	572,050		
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25	Total	2,967,264		

Name of Respondent New England Gas Company, A Division of Southern Union	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403, 404.1, 404.2, 404.3, 405)
(Except Amortization of Acquisition Adjustments)

- | | |
|---|--|
| 1. Report in Section A the amounts of depreciation expense, depletion, and amortization for the accounts indicated and classified according to the plant functional groups shown. | 2. Report in Section B, column (b) all depreciable or amortizable plant balances to which rates are applied and show a composite total. (If more desirable, report by plant account, subaccount or functional classifications other than those pre-printed in column (a). Indicate in a footnote the manner in which column (b) balances are |
|---|--|

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Line No.	Functional Classification (a)	Depreciation Expense (Account 403) (b)	Amortization and Depletion of Producing Natural Gas Land and Land Rights (Account 404.1) (c)	Amortization of Underground Storage Land and Land Rights (Account 404.2) (d)
1	Intangible plant	11,617		
2	Production plant, manufactured gas	659,973		
3	Production and gathering plant, natural gas			
4	Environmental			
5	Products extraction plant			
6	Underground gas storage plant			
7	Other storage plant			
8	Base load LNG terminaling and processing plant			
9	Transmission plant			
10	Distribution plant	14,844,137		
11	General plant	1,401,079		
12	Common plant - gas			
13	TOTAL	16,916,806	-	-

Name of Respondent New England Gas Company, A Division of	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location			

DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (ACCOUNTS 403, 404.1, 404.2, 404.3, 405)
(Except Amortization of Acquisition Adjustments) (Continued)

obtained. If average balances are used, state the method of averaging used. For column (c) report available information for each plant functional classification listed in column (a). If composite depreciation accounting is used, report available information called for in columns (b) and (c) on this basis. Where the unit-of-production method is used

to determine depreciation charges, show in a footnote any revisions made to estimated gas reserves.
3. If provisions for depreciation were made during the year in addition to depreciation provided by application of reported rates, state in footnote the amounts and nature of the provisions and the plant items to which related.

Section A. Summary of Depreciation, Depletion, and Amortization Charges

Amortization of Other Limited-term Gas Plant (Account 404.3) (e)	Amortization of Other Gas Plant (Account 405) (f)	Total (b to f) (g)	Functional Classification (a)	Line No.
2,018,710		2,030,327	Intangible plant	1
		659,973	Production plant, manufactured gas	2
		-	Production and gathering plant, natural gas	3
	794,441	794,441	Environmental	4
		-	Products extraction plant	5
		-	Underground gas storage plant	6
		-	Other storage plant	7
		-	Base load LNG terminaling and processing plant	8
		-	Transmission plant	9
		14,844,137	Distribution plant	10
		1,401,079	General plant	11
-	-	-	Common plant - gas	12
2,018,710	794,441	19,729,957	TOTAL	13

Name of Respondent New England Gas Company, A Division of Southern Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
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DEPRECIATION, DEPLETION, AND AMORTIZATION OF GAS PLANT (Continued)

DEPRECIATION, DEPLETION AND AMORTIZATION OF GAS PLANT

June 30, 2004

Account Number	Depreciable Plant Base	Applied Depreciation Rates (Percent)	
Intangible Plant			
302	188,054		
303	3,848,882		
303	1,047,447	33.30	STL
303	2,602,090	20.00	STL
303	2,514,847	10.00	STL
303	566,861	7.20	
303	12,709,031	5.56	STL
303	9,991,374	4.43	STL
Total	33,468,586	1	
Production Plant			
304	196,998	0.00	
305	1,248,775	5.16	
307	44,560	4.59	
311	1,439,480	2.19	
320	53,082	5.89	
360	236,939	0.00	
361	2,132,034	6.12	
362	4,081,046	3.80	
363	6,186,133	4.40	
Total	15,619,047	2	
Distribution Plant			
3740	630,121	0.00	
3750	8,795,227	2.99	
3760	193,325,973	2.17	
3770	1,005,629	4.72	
3780	3,807,553	3.55	
3790	6,049,121	2.53	
3800	123,349,162	6.47	
3810	33,543,565	4.98	
3820	32,048,545	4.59	
3830	478,676	5.53	
3840	614,703	3.41	
3850	317,554	4.07	
3860	410,532	3.63	
3870	493,584	3.42	
Total	404,869,945	3	
General Plant			
3890	532,236	0.00	
3900	11,489,279	2.33	
3910	2,895,146	1.67	
3911	5,695,509	20.00	STL
3920	370,901	20.00	STL
3921	140,686	5.76	
3930	57,199	2.01	
3940	2,289,230	2.54	
3950	143,292	3.47	
3960	120,795	0.00	
3970	2,102,095	3.57	
3971	832,832	20.00	STL
3980	2,495,420	1.40	
3990	5,897,479	20.00	STL
Total	35,062,099	4	
Grand Total	489,019,677		
	0		

Name of Respondent New England Gas Company, A Division of Southern Rhode Island Location	This Report is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
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PARTICULARS CONCERNING CERTAIN INCOME DEDUCTIONS AND INTEREST CHARGES ACCOUNTS

Report the information specified below, in the order given, for the respective income deduction and interest charges accounts.

(a) *Miscellaneous Amortization* (Account 425) - Describe the nature of items included in this account, the contra account charged, the total of amortizations charges for the year, and the period of amortization.

(b) *Miscellaneous Income Deductions* - Report the nature, payee, and amount of other income deductions for the year as required by Accounts 426.1, *Donations*; 426.2, *Life Insurance*; 426.3, *Penalties*; 426.4, *Expenditures for Certain Civic, Political and Related Activities*; and 426.5, *Other Deductions*, of the Uniform System of Accounts.

Amounts of less than \$250,000 may be grouped by classes within the above accounts.

(c) *Interest on Debt to Associated Companies* (Account 430) - For each associated company that incurred interest on debt during the year, indicate the amount and interest rate respectively for (a) advances on notes, (b) advances on open account, (c) notes payable, (d) accounts payable, and (e) other debt, and total interest. Explain the nature of other debt on which interest was incurred during the year.

(d) *Other Interest Expense* (Account 431) - Report details including the amount and interest rate for other interest charges incurred during the year.

Line No.	Item (a)	Amount (b)
1		
2		
3		
4		
5	426 Miscellaneous Income Deductions	
7	Penalties	40,500
8	Dues & Memberships	11,401
9	Lobbying	81,500
10	Donations	289,402
11	Advertising	60,070
12		
13	Miscellaneous	7,843
14	Total Account 426	490,716
15		-
16		
17		
18	431 Other Interest Expense	
19	Interest D&O	118,260
20	Customers deposits	132,669
21	Property Tax	8,021
22	Conservation Fund / Other	31,269
23		
24		
26	Total Account 431	290,219
27		-
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		

Name of Respondent New England Gas Company, A Division of South Rhode Island Location	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
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REGULATORY COMMISSION EXPENSES (Account 928)

1. Report below details of regulatory commission expenses incurred during the current year (or in previous years, if being amortized) relating to formal cases before a regulatory body, or cases in which such a body was a party.

2. In column (b) and (c), indicate whether the expenses were assessed by a regulatory body or were otherwise incurred by the utility.

Line No.	Description (Furnish name of regulatory commission or body, the docket number, and a description of the case.)	Assessed by Regulatory Commission	Expenses of Utility	Total Expenses to Date	Deferred in Account 182.3 at Beginning of Year
	(a)	(b)	(c)	(d)	(e)
1	RIPUC Assessment	881,944	881,946	881,946	
2	Outside Legal and Consulting		511,381	511,381	
3	Other		8,615	8,615	
4	RI Rate Case amortization		182,475	182,475	961,376
5	RI Division & Commission		60,782	60,782	
6				-	
7				-	
8				-	
9				-	
10				-	
11				-	
12				-	
13				-	
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25	Sub-Total	881,944	1,645,199	1,645,199	961,376

Name of Respondent New England Gas Company, A Division of Southern U	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

DISTRIBUTION OF SALARIES AND WAGES

Report below the distribution of total salaries and wages for the year. Segregate amounts originally charged to clearing accounts to *Utility Departments, Construction, Plant Removals, and Other Accounts*, and enter such amounts in the appropriate lines and columns provided.

In determining this segregation of salaries and wages originally charged to clearing accounts, a method of approximation giving substantially correct results may be used. When reporting detail of other accounts, enter as many rows as necessary numbered sequentially starting with 74.01, 74.02, etc.

Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
1	Electric			
2	Operation			
3	Production	-	-	-
4	Transmission	-	-	-
5	Distribution	-	-	-
6	Customer Accounts	-	-	-
7	Customer Service and Informational	-	-	-
8	Sales	-	-	-
9	Administrative and General	-	-	-
10	TOTAL Operation (Total of lines 3 thru 9)	-	-	-
11	Maintenance			
12	Production	-	-	-
13	Transmission	-	-	-
14	Distribution	-	-	-
15	Administrative and General	-	-	-
16	TOTAL Maintenance (Total of lines 12 thru 15)	-	-	-
17	Total Operation and Maintenance			
18	Production (Total of lines 3 and 12)	-	-	-
19	Transmission (Total of lines 4 and 13)	-	-	-
20	Distribution (Total of lines 5 and 14)	-	-	-
21	Customer Accounts (line 6)	-	-	-
22	Customer Service and Informational (line 7)	-	-	-
23	Sales (line 8)	-	-	-
24	Administrative and General (Total of lines 9 and 15)	-	-	-
25	TOTAL Operation and Maintenance (Total of lines 18 thru 24)	-	-	-
26	Gas			
27	Operation			
28	Production - Manufactured Gas	87,211		87,211
29	Production - Natural Gas (Including Exploration and Development)			-
30	Other Gas Supply	541,804		541,804
31	Storage, LNG Terminating and Processing			-
32	Transmission			-
33	Distribution	10,158,414		10,158,414
34	Customer Accounts	5,158,346		5,158,346
35	Customer Service and Informational	362,816		362,816
36	Sales	127,005		127,005
37	Administrative and General	12,358,280		12,358,280
38	TOTAL Operation (Total of lines 28 thru 37)	28,793,876	-	28,793,876
39	Maintenance			
40	Production - Manufactured Gas		-	-
41	Production - Natural Gas (Including Exploration and Development)		-	-
42	Other Gas Supply	68,551	-	68,551
43	Storage, LNG Terminating and Processing		-	-
44	Transmission		-	-
45	Distribution	6,336,473		6,336,473
46	Administrative and General			-
47	TOTAL Maint. (Total of lines 40 thru 46)	6,405,024	-	6,405,024

Name of Respondent New England Gas Company, A Division of Southern Un		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
DISTRIBUTION OF SALARIES AND WAGES (Continued)				
Line No.	Classification (a)	Direct Payroll Distribution (b)	Allocation of Payroll Charged for Clearing Accounts (c)	Total (d)
48	Gas (Continued)			
49	Total Operation and Maintenance			
50	Production - Manufactured Gas (Total of lines 28 and 40)	87,211	-	87,211
51	Production - Natural Gas (Including Expl. and Dev.)(lines 29 and 41)	-	-	-
52	Other Gas Supply (Total of lines 30 and 42)	610,355	-	610,355
53	Storage, LNG Terminaling and Processing (Total of lines 31 and 43)	-	-	-
54	Transmission (Total of lines 32 and 44)	-	-	-
55	Distribution (Total of lines 33 and 45)	16,494,887	-	16,494,887
56	Customer Accounts (Total of line 34)	5,158,346	-	5,158,346
57	Customer Service and Informational (Total of line 35)	362,816	-	362,816
58	Sales (Total of line 36)	127,005	-	127,005
59	Administrative and General (Total of lines 37 and 46)	12,358,280	-	12,358,280
60	Other Utility Departments			
61	Operation and Maintenance			
62	TOTAL ALL Utility Dept. (Total of lines 25, 59, and 61)	12,358,280	-	12,358,280
63	Utility Plant			
64	Construction (By Utility Departments)			
65	Electric Plant			
66	Gas Plant	4,119,670		4,119,670
67	Other			
68	TOTAL Construction (Total of lines 65 thru 67)	4,119,670	-	4,119,670
69	Plant Removal (By Utility Department)			
70	Electric Plant			
71	Gas Plant	449,400		449,400
72	Other			
73	TOTAL Plant Removal (Total of lines 70 thru 72)	449,400	-	449,400
74	Other Accounts (Specify):			
74.01	163 Stores Expense		389,983	389,983
74.02	184.1 Fleet		562,028	562,028
74.03	416 Non-Utility Merchandising & Jobbing	1,658		1,658
74.04	426.5 Non-Operating Expenses	243,510		243,510
74.05				-
74.06				-
74.07				-
74.08				-
74.09				-
74.10				-
74.11				-
74.12				-
74.13				-
74.14				-
74.15				-
75	TOTAL Other Accounts	245,168	952,011	1,197,179
76	TOTAL SALARIES AND WAGES	40,013,138	952,011	40,965,149

Name of Respondent New England Gas Company, A Division of Southern	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location			

CHARGES FOR OUTSIDE PROFESSIONAL AND OTHER CONSULTATIVE SERVICES

1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside consultative and other professional services. These services include rate, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered for the respondent under written or oral arrangement, for which aggregate payments were made during the year to any corporation, partnership, organization of

any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounting to more than \$250,000, including payments for legislative services, except those which should be reported in Account 426.4 *Expenditures for Certain Civic, Political and Related Activities*.

(a) Name of person or organization rendering services.

(b) Total charges for the year.

2. Designate associated companies with an asterisk in column (b).

Line No.	Description (a)	* (b)	Amount (in dollars) (c)
1			
2	ADLER POLLOCK & SHEEHAN		1,536,311
3	LANTHROP & GAGE		
4	DOCUMENT TECHNOLOGIES INC		1,700,408
5	KEEGAN, WERLIN & PABIAN, LLP		373,821
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39			3,610,540

Name of Respondent New England Gas Company, A Division of So		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location				
COMPRESSOR STATIONS				
<p>1. Report below details concerning compressor stations. Use the following subheadings: field compressor stations, products extraction compressor stations, underground storage compressor stations, transmission compressor stations, distribution compressor stations, and other compressor stations.</p> <p>2. For column (a), indicate the production areas where such stations are used. Group relatively small field compressor stations by production areas. Show the number of stations grouped. Identify any station held under a title other than full ownership. State in a footnote the name of owner or co-owner, the nature of respondent's title, and percent of ownership if jointly owned.</p>				
Line No.	Name of Station and Location (a)	Number of Units at Station (b)	Certificated Horsepower for Each Station (c)	Plant Cost (d)
1				
2	N/A			
3				
4				
5				
6				
7				
8				
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11				
12				
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14				
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Name of Respondent New England Gas Company, A Division of Southern Union		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year Ending June 30, 2004	
Rhode Island Location							
COMPRESSOR STATIONS (Continued)							
Designate any station that was not operated during the past year. State in a footnote whether the book cost of such station has been retired in the books of account, or what disposition of the station and its book cost are contemplated. Designate any compressor units in transmission compressor stations installed and put into operation during the year and show in a footnote each unit's size.				and the date the unit was placed in operation. 3. For column (e), include the type of fuel or power, if other than natural gas. If two types of fuel or power are used, show separate entries for natural gas and the other fuel or power.			
Expenses (Except depreciation and taxes)		Gas for Compressor Fuel in Dth	Operation Data			Line No.	
Fuel or Power	Other		Total Compressor Hours of Operation During Year	Number of Compressors Operated at Time of Station Peak	Date of Station Peak		
(e)	(f)	(g)	(h)	(i)	(j)		
N/A						1	
						2	
						3	
						4	
						5	
						6	
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Name of Respondent New England Gas Company, A Division of S	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

GAS STORAGE PROJECTS

1. Report injections and withdrawals of gas for all storage projects used by respondent.

Line No.	Item (a)	Gas Belonging to Respondent (Dth) (b)	Gas Belonging to Others (Dth) (c)	Total Amount (Dth) (d)
	STORAGE OPERATIONS (in Dth)			
1	Gas Delivered to Storage			
2	July-03	712,314		
3	August-03	705,716		
4	September-03	621,768		
5	October-03	444,435		
6	November-03	88,910		
7	December-03	58,828		
8	January-04	0		
9	February-04	84,431		
10	March-04	10,152		
11	April-04	343,432		
12	May-04	306,497		
13	June-04	295,453		
14	TOTAL (Total of lines 2 thru 13)	3,671,936		
15	Gas Withdrawn from Storage			
16	July-03	0		
17	August-03	0		
18	September-03	0		
19	October-03	(195,154)		
20	November-03	(147,100)		
21	December-03	(343,126)		
22	January-04	(1,252,762)		
23	February-04	(795,622)		
24	March-04	(705,161)		
25	April-04	(15,612)		
26	May-04	(554)		
27	June-04	(33,665)		
28	TOTAL (Total of lines 16 thru 27)	(3,488,756)		

Name of Respondent New England Gas Company, A Division of Southern	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location			

GAS STORAGE PROJECTS (Continued)

1. On line 4, enter the total storage capacity certificated by FERC.

2. Report total amount in Dth or other unit, as applicable on lines 2, 3, 4, 7. If quantity is converted from Mcf to Dth, provide conversion factor in a footnote.

Line No.	Item (a)	Total Amount (b)
	STORAGE OPERATIONS	
1	Top or Working Gas End of Year	N/A
2	Cushion Gas (Including Native Gas)	
3	Total Gas in Reservoir (Total of line 1 and 2)	
4	Certificated Storage Capacity	
5	Number of Injection - Withdrawal Wells	
6	Number of Observation Wells	
7	Maximum Days' Withdrawal from Storage	
8	Date of Maximum Days' Withdrawal	
9	LNG Terminal Companies (in Dth)	
10	Number of Tanks	
11	Capacity of Tanks	
12	LNG Volume	
13	Received at "Ship Rail"	
14	Transferred to Tanks	
15	Withdrawn from Tanks	
16	"Boil Off" Vaporization Loss	

Name of Respondent New England Gas Company, A Division of Southern		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location				
TRANSMISSION LINES				
<p>1. Report below, by state, the total miles of transmission lines of each transmission system operated by respondent at end of year.</p> <p>2. Report separately any lines held under a title other than full ownership. Designate such lines with an asterisk, in column (b) and in a footnote state the name of owner, or co-owner, nature of respondent's title, and percent ownership if jointly owned.</p> <p>3. Report separately any line that was not operated during the past year. Enter in a footnote the details and state whether the book cost of such a line, or any portion thereof, has been retired in the books of account, or what disposition of the line and its book costs are contemplated.</p> <p>4. Report the number of miles of pipe to one decimal point.</p>				
Line No.	Designation (Identification) of Line or Group of Lines (a)	*	Total Miles of Pipe (c)	
1				
2	N/A			
3				
4				
5				
6				
7				
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Name of Respondent New England Gas Company, A Division of Southern		This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location					
TRANSMISSION SYSTEM PEAK DELIVERIES					
1. Report below the total transmission system deliveries of gas (in Dth), excluding deliveries to storage, for the period of system peak deliveries indicated below, during the 12 months embracing the			heating season overlapping the year's end for which this report is submitted. The season's peak normally will be reached before the due date of this report, April 30, which permits inclusion of peak information required on this page. Add rows as necessary to report all date. Number additional rows 6.01, 6.02, etc.		
Line No.	Description	Mcf of Gas Delivered to Interstate Pipelines (b)	Mcf of Gas Delivered to Others (c)	Total (b) + (c) (d)	
SECTION A: SINGLE DAY PEAK DELIVERIES					
1	Date: 01-15-04				
2	Volumes of Gas Transported				
3	No-Notice Transportation				
4	Other Firm Transportation		266,754		
5	Interruptible Transportation				
6	Other (Describe)				
6.01					
7	TOTAL				
8	Volumes of gas Withdrawn from Storage under Storage Contracts				
9	No-Notice Storage				
10	Other Firm Storage		37,400		
11	Interruptible Storage				
12	Other (Describe)				
12.01					
13	TOTAL				
14	Other Operational Activities				
15	Gas Withdrawn from Storage for System Operations				
16	Reduction in Line Pack				
17	Other (Describe)				
18	TOTAL				
19	SECTION B: CONSECUTIVE THREE-DAY PEAK DELIVERIES				
20	Dates: 01-14-04 - 01-16-04				
21	Volumes of Gas Transported				
22	No-Notice Transportation				
23	Other Firm Transportation		730,915		
24	Interruptible Transportation				
25	Other (Describe)				
25.01					
26	TOTAL				
27	Volumes of Gas Withdrawn from Storage under Storage Contracts				
28	No-Notice Storage				
29	Other Firm Storage		120,585		
30	Interruptible Storage				
31	Other (Describe)				
31.01					
32	TOTAL				
33	Other Operational Activities				
34	Gas Withdrawn from Storage for System Operations				
35	Reduction in Line Pack				
36	Other (Describe)				
37	TOTAL				

Name of Respondent New England Gas Company, A Division of	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year Ending June 30, 2004
Rhode Island Location			

AUXILIARY PEAKING FACILITIES

1. Report below auxiliary facilities of the respondent for meeting seasonal peak demands on the respondent's system, such as underground storage projects, liquefied petroleum gas installations, gas liquefaction plants, oil gas sets, etc.

2. For column (c), for underground storage projects, report the delivery capacity on February 1 of the heating season overlapping the year-end for which this report is submitted.

For other facilities, report the rated maximum daily delivery capacities.

3. For column (d), include or exclude (as appropriate) the cost of any plant used jointly with another facility on the basis of predominant use, unless the auxiliary peaking facility is a separate plant as contemplated by general instruction 12 of the Uniform System of Accounts.

Line No.	Location of Facility	Type of Facility	Maximum Daily Delivery Capacity of Facility Dth	Cost of Facility (in dollars)	Was Facility Operated on Day of Highest Transmission Peak Delivery?	
					Yes (e)	No (f)
1	N/A					
2						
3						
4						
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Name of Respondent New England Gas Company, A Division of Southern Company	This Report Is: <input checked="" type="checkbox"/> An Original <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) June 30, 2004	Year Ending June 30, 2004
Rhode Island Location			

GAS ACCOUNT - NATURAL GAS

1. The purpose of this schedule is to account for the quantity of natural gas received and delivered by the respondent
2. Natural gas means either natural gas unmixed or any mixture of natural and manufactured gas.
3. Enter in column (c) the Dth as reported in the schedules indicated for the items of receipts and deliveries.
4. Indicate in a footnote report the quantities of bundled sales and transportation gas and specify the line on which such quantities are listed.
5. If the respondent operates two or more systems which are not interconnected, submit separate pages for this purpose. Use copies of pages 520.
6. Also indicate by footnote the quantities of gas not subject to Commission regulation which did not incur FERC regulatory costs by showing (1) the local distribution volumes another jurisdictional pipeline delivered to the local distribution company portion of the reporting pipeline (2) the quantities that the reporting pipeline

- transported or sold through its local distribution facilities or intrastate facilities and which the reporting pipeline received through gathering facilities or intrastate facilities, but not through any of the interstate portion of the reporting pipeline and, (3) the gathering line quantities that were not destined for interstate market or which were not transported through any interstate portion of the reporting pipeline.
7. Also indicate in a footnote (1) the system supply quantities of gas that are stored by the reporting pipeline, during the reporting year and also reported as sales, transportation and compression volumes by the reporting pipeline during the same reporting year, (2) the system supply quantities of gas that are stored by the reporting pipeline during the reporting year and which the reporting pipeline intends to sell or transport in a future reporting year, and (3) contract storage quantities.
8. Also indicate the volumes of pipeline production field sales that are included in both the company's total sales figure and the company's total transportation figure. Add additional rows as necessary to report all data, numbered 14.01, 14.02, etc.

01 NAME OF SYSTEM

Line No.	Item	Ref. Page No.	Amount of Mcf
	(a)	(b)	(c)
2	GAS RECEIVED		
3	Gas Purchases (Accounts 800-805)		27,370,246
4	Gas of Others Received for Gathering (Account 489.1)	303	-
5	Gas of Others Received for Transmission (Account 489.2)	305	-
6	Gas of Others Received for Distribution (Account 489.3)	301	7,855,608
7	Gas of Others Received for Contract Storage (Account 489.4)	307	
8	Exchanged Gas Received from Others (Account 806)	328	
9	Gas Received as Imbalances (Account 806)	328	-
10	Receipts of Respondent's Gas Transported by Others (Account 858)	332	-
11	Other Gas Withdrawn from Storage (Explain) 3,488,756 Dth / 1.029 Page 512 Line 28		3,390,433
12	Gas Received from Shippers as Compressor Station Fuel		
13	Gas Received from Shippers as Lost and Unaccounted for		
14	Other Receipts (Specify)		
15	Total Receipts (Total of lines 3 thru 14.?)		38,616,287
16	GAS DELIVERED		
17	Gas Sales (Account 480-484)	301	29,938,582
18	Deliveries of Gas Gathered for Others (Account 489.1)	303	-
19	Deliveries of Gas Transported for Others (Account 489.2)	305	-
20	Deliveries of Gas Distributed for Others (Account 489.3)	301	7,717,113
21	Deliveries of Contract Storage Gas (Account 489.4)	307	
22	Exchanged Gas Delivered to Others (Account 806) Manchester Street	328	8,746
23	Gas Delivered as Imbalances (Account 806)	328	-
24	Deliveries of Gas to Others for Transportation (Account 858)	332	
25	Other Gas Delivered to Storage (Explain)		
26	Gas Used for Compressor Station Fuel - Company Use	509	110,643
27	Other Deliveries (Specify)		
28	Total Deliveries (Total of lines 17 thru 27.?)		37,775,084
29	GAS UNACCOUNTED FOR		
30	Production System Losses		
31	Gathering System Losses		
32	Transmission System Losses		
33	Distribution System Losses		841,203
34	Storage System Losses		
35	Other Losses (Specify)-Imbalances		
36	Total Unaccounted For (Total of lines 30 thru 35)		841,203
37	Total Deliveries & Unaccounted For (Total of lines 28 and 36)		38,616,287

2.18%

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